



ENGINEERS

HSS ENGINEERS BERHAD

201501003232 (1128564-U)



CHAMPIONING EXCELLENCE, CROSSING FRONTIERS

MALAYSIA'S ENGINEERING DNA

-ANNUAL REPORT 2022-

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

HSS Engineers Berhad (“HEB” or the “Company”) presents the Sustainability Statement (the “Statement”) for the financial year ended 31 December 2022 (“FY2022”). This is our 7th annual Sustainability Statement, and it provides relevant disclosures on our sustainability activities, its impact to our stakeholders and reflects our commitment to create sustainable value for all stakeholders.

INTRODUCTION

Inspired by our vision that focuses in “Creating a better Malaysia through Sustainable Infrastructure Development”, we prioritise environmental responsibility, social responsibility, and ethical governance. Our aim is to reduce environmental impact, promote inclusive and equitable communities, and ensure transparency and accountability in decision-making processes. These principles align with the goals of ESG investing, which focus on companies and projects that demonstrate a commitment to sustainability and responsible corporate behavior.

To realize this vision, our mission is to sustain our position as Malaysia’s premier engineering Consultant, delivering unparalleled expertise to the world through:



Sustainability is a key consideration throughout our business operations at HEB. As we navigate the era of Industrial Revolution 4.0 (“IR 4.0”), we are committed to embracing and adopting innovative engineering solutions that contribute positively towards the Economic, Environment and Social (“EES”) landscape.

At HEB, we strive to work towards further understanding our internal and external environment and identify scenarios that can assist us in disclosing potential financial impacts of climate-related risks and opportunities. As the Company is still recovering from the impact of Covid-19 pandemic, and resources are being allocated for business activities, we acknowledge the importance to understand and work towards Task-Force on Climate-Related Financial Disclosure (“TCFD”) by putting our efforts to gather and analyse the necessary data to include TCFD in future sustainability reports. We will continue to work towards this goal as TCFD reporting shall be mandatory by 2025.

SCOPE OF THIS STATEMENT

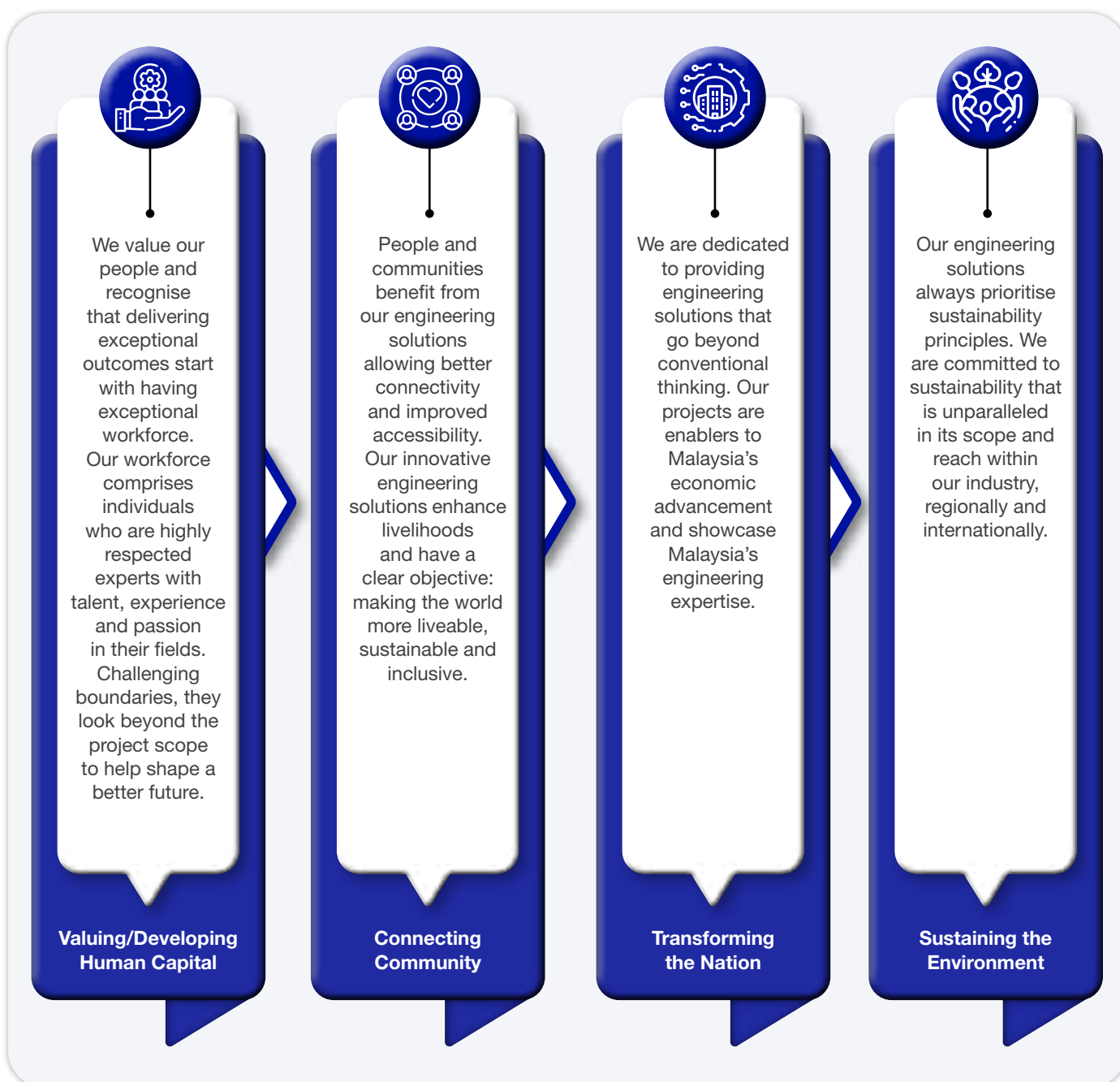
The table below showcases the scope covered in this statement FY2022.

Reporting Coverage	HEB, its subsidiaries and associates (the “Group” or “HEB Group”)
Reporting Cycle	Annually
Reporting Period	From 1 January 2022 to 31 December 2022
Sustainability Framework Reference and Guideline	<ul style="list-style-type: none"> • Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”); • Sustainability Reporting Guide (“SRG”) 2nd edition issued by Bursa Malaysia; • Malaysian Code on Corporate Governance updated April 2021 (“MCCG 2021”); • Global Reporting Initiative (“GRI”) Standards; and • United Nations Sustainable Development Goals (“UNSDG”).
Statement Content	The content in this statement follows a multi-stakeholder approach, the materiality assessment, GRI standards requirements and other sustainability ratings. It also reflects HEB’s initiatives with stakeholders in addition to showcasing year-on-year (YoY) comparison where the performance for this year shall form the benchmark for future objectives.
Feedback	<p>We welcome stakeholder feedback and any of the issues discussed herein. For further enquiries, please contact:</p> <p>HSS ENGINEERS BERHAD B1(1-4) Block B, Plaza Dwtasik No. 21, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur Tel: +603 9173 0355 E-mail: heb@hss.com.my</p>

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SUSTAINABILITY FRAMEWORK

Sustainability is an integral part of our organisation's commitments. It is a multifaceted concept carefully woven into our core values that involves balancing environmental, social, and economic concerns in a way that promotes long-term well-being and resilience. At HEB, we prioritise sustainability by embracing digitalisation and developing cutting-edge engineering solutions that enable us to contribute towards transforming our nation. The graphical illustration below showcases our sustainability framework.



Our sustainability framework provides a structured approach to integrating sustainability into our business operations, with a focus on creating long-term value. Our sustainability policy has been reviewed and approved by our Board of Directors ("BOD") and it became effective on 23rd November 2022. This underscores our strong commitment to the sustainability agenda.

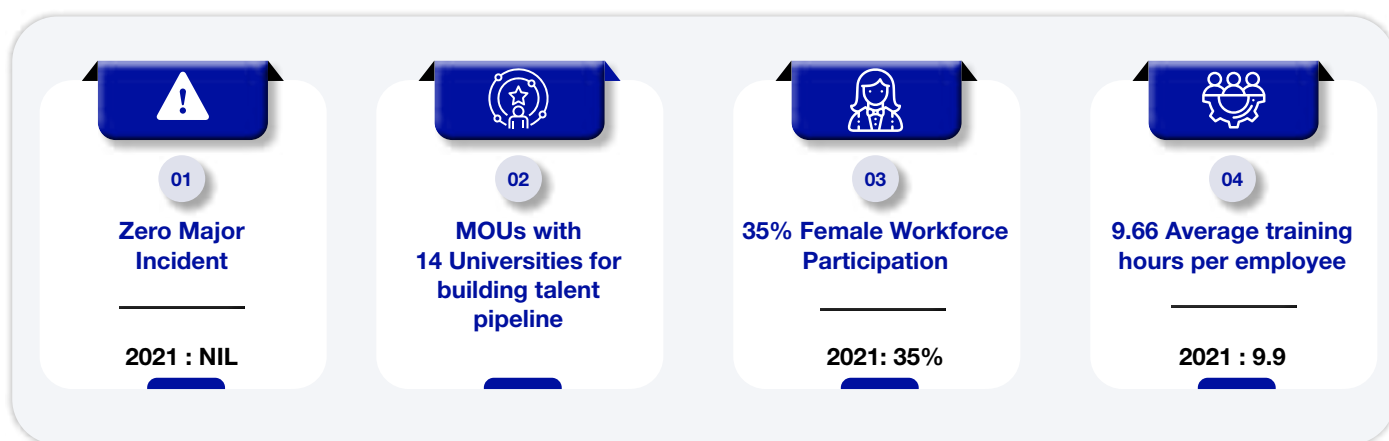
SUSTAINABILITY STATEMENT

KEY SUSTAINABILITY HIGHLIGHTS – OUR TARGETS AND ACHIEVEMENTS

We are committed to continuously developing innovative engineering solutions that incorporate environmental and social elements. By delivering new engineering solutions that are eco-efficient, we not only enable ourselves but also our clients to indirectly contribute to sustainability.

The multifaceted concept of sustainability has been cascaded down into the daily operational activities of our employees, and we aim to advance sustainability throughout our value chain through long-term continuous development.

The figure below shows our key sustainability highlights.



OUR SUSTAINABILITY GOVERNANCE

At HEB, we have established a sustainability governance structure to identify, evaluate, and manage significant risks and opportunities related to economic, environmental, and social domains. The Board has the ultimate responsibility for overseeing all sustainability matters, with this function delegated to a Risk Committee chaired by HEB's Integrated Management System ("IMS") Department. The Risk Committee is also responsible to ensure the adequacy and effectiveness of sustainability, risk management frameworks and internal controls systems throughout the Group. The Board will be briefed periodically by the Risk Committee on all aspects of sustainability.

At management level, a Sustainability Steering Committee ("SSC") reports to the Group Chief Executive Officer ("GCEO") and the Board. The SSC undertakes the day-to-day and all detailed aspects of sustainability matters, including setting and monitoring of sustainability objectives, goals, tasks and relevant sustainability activities.



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The following table describes the roles and responsibilities at each level of our sustainability governance.



Level	Roles and Responsibilities
Board of Directors (BOD)	<ul style="list-style-type: none"> Supervises the progress of HEB's sustainability initiatives Authorizes final approval for all strategies, policies, and initiatives presented by the SSC
Risk Committee	<ul style="list-style-type: none"> Ensures ESG risks are monitored with effective risk mitigation response communicated to SSC regularly Ensure processes and controls are in place across the Group for the successful implementation of sustainability strategies
Sustainability Steering Committee (SSC)	<ul style="list-style-type: none"> Oversees materiality assessment to identify and present material matters relevant to HEB's business operations Develops appropriate sustainability initiatives in collaboration with Business and Operation Departments in line with HEB's business values and aspirations
Business and Operation Departments	<ul style="list-style-type: none"> Plan and implement yearly ESG plans in collaboration with SSC to deliver targets Provide regular data, reports, and progress to SSC on quarterly basis

KEY STAKEHOLDERS' ENGAGEMENT






At HEB, we actively engage with our internal and external stakeholders through various means of communication throughout the year. This allows us to gain insights from their viewpoints, needs and expectations on key topics of interest as they understand our business operation.

We identify our key stakeholders by considering the impact our projects and decisions have on all individuals and groups. We consider potential impact on different stakeholders, how they align with the Company's overall mission, values as well as any legal and regulatory requirements.

The following table highlights our key stakeholders' groups and their respective areas of interest as well as methods by which we engage them.

Stakeholder Group	Engagement Method	Engagement Frequency	Reason for being important to us
Shareholders and Investors 	<ul style="list-style-type: none"> Financial Result Announcements Annual General Meetings Extraordinary General Meetings Regular Communication 	<ul style="list-style-type: none"> Quarterly Annually Ad Hoc Regularly 	HEB's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. To achieve this goal, a strong focus on financial performance, risk management, and internal control is essential.
Employees 	<ul style="list-style-type: none"> Employee Grievance System Employee Training E-Mail Communication Management Meetings Other Events Including Annual Dinners, Functions and Informal Gatherings 	<ul style="list-style-type: none"> As Required Regularly 	HEB encourages an engaging, inclusive, and stimulating work environment that champions high quality performance as well as high employee satisfaction and loyalty.

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Stakeholder Group	Engagement Method	Engagement Frequency	Reason for being important to us
Government/ Regulatory Authorities 	<ul style="list-style-type: none"> Regular Communication Reports and Compliance 	<ul style="list-style-type: none"> Regularly As Required 	By serving as Malaysia's engineering DNA, HEB supports the government's initiative to advance the nation. With its superior technical quality, innovation, and performance, the company has made an outstanding contribution to the development of the nation's infrastructure.
Clients 	<ul style="list-style-type: none"> Customer Satisfaction Survey Customer Complaints Platform 	<ul style="list-style-type: none"> Per Project Basis As Required 	Everything we do is built on relationships and trust. HEB listens to customers and provides clear advice on all types of engineering and project management services.
Analysts and Media 	<ul style="list-style-type: none"> Analysts' Briefings Regular Communication Media Interviews, Press Releases and Website Postings 	<ul style="list-style-type: none"> Regularly 	HEB connects with its media partners and analysts regularly at corporate events and launches where it communicates first-hand project information.
Community and the Public 	<ul style="list-style-type: none"> Community Engagement Open Dialogue 	<ul style="list-style-type: none"> Regularly 	We build communities through our innovative engineering solutions as well as engaging them through many of our project activities.
Suppliers 	<ul style="list-style-type: none"> Contract Bidding And Procurement Management 	<ul style="list-style-type: none"> On Project Basis 	HEB encourages participation of local suppliers and promotes the advancement of our suppliers.

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters reflect the risk and opportunities that arise from sustainability impacts of our operations and activities. Assessment of material sustainability matters and its prioritisation are based on the impact to both the stakeholders and to HEB Group. The assessment process that is practiced at HEB is described as shown below.

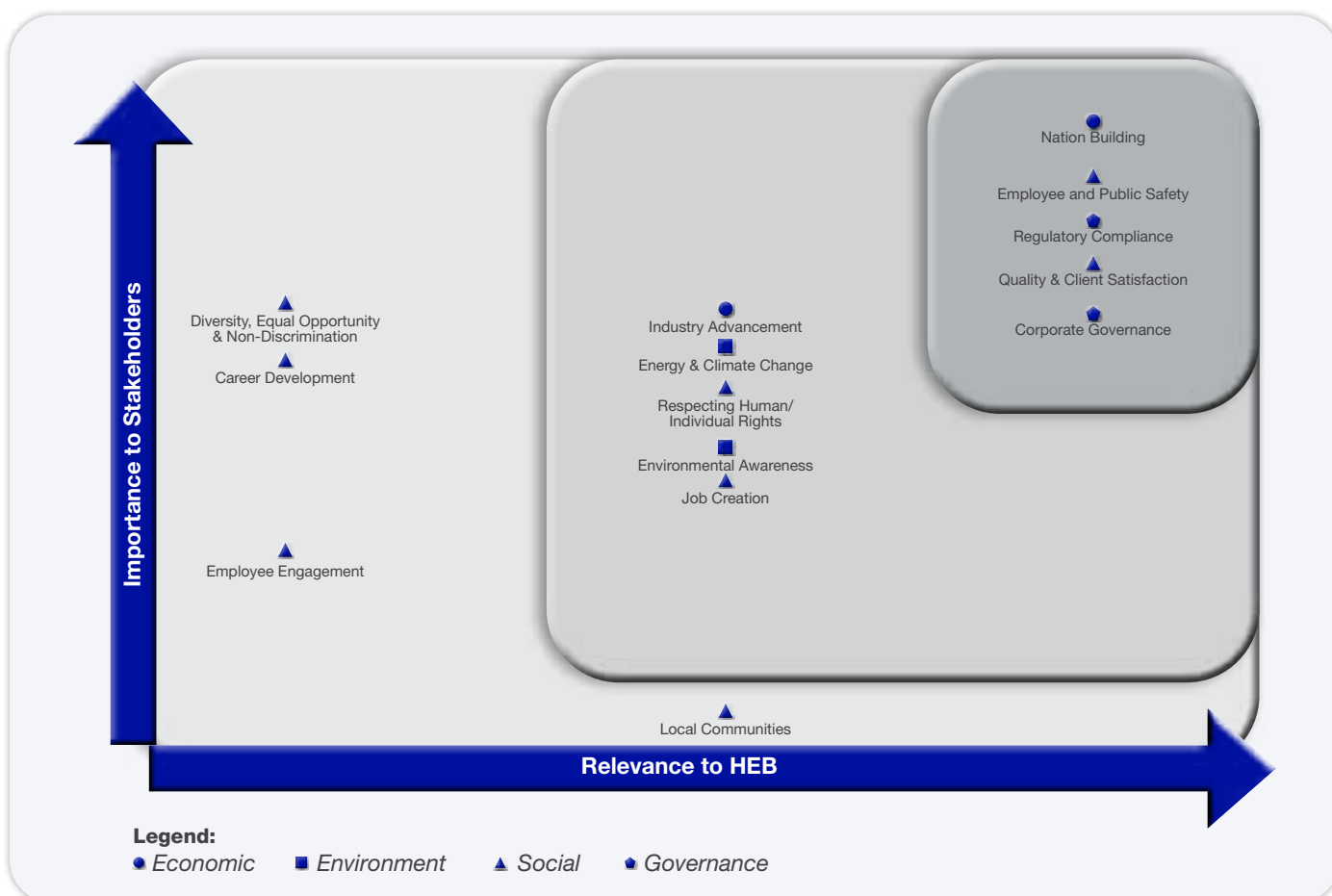


Based on the material assessment process, the previously identified matters that were material to the stakeholders and business operations were discussed with the Heads of Department and reviewed by the Senior Management. This was carried out to reassess the overall business environment and the impact that each sustainability matter has on HEB Group, considering various internal, external exposures, and risk areas.

There were no material changes made to the identified sustainability matters. A total of fourteen (14) key material matters were identified as outlined in the materiality matrix graph. These material matters reflect our stakeholder's perception in terms of which matters they prioritise and are more concerning to them. Their input were obtained through a survey which allows them to rate on a Likert scale.



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HEB'S MATERIALITY MATRIX FY2022






HEB'S KEY MATERIAL MATTERS

The following table summarizes highly material sustainability matters, its risks and opportunities, impact to stakeholders and HEB Group's responses to key sustainability matters.







Material Topics	Risks	Opportunities	Impact to Key Stakeholders	Management Action Plan
Nation Building through our Market Presence 	Increasing regulations which can escalate costs	Invest in R&D to create new products and services with the government mandate	Increased demand resulting in improved revenue and profits.	Conduct risk assessment and develop crisis management plan, monitoring and reviewing project performance and compliance with regulations
Employee and Public Safety 	Breaching legislation legal liability, hefty fines, and possible prison times	Implement safety protocols and procedures, providing training and education for employees, and ensuring compliance with relevant laws and regulations	Company with good safety record is more likely to attract customers and investors, improved infrastructure and better services	Identify potential hazards, develop a safety policy, provide training and education, foster a culture of safety, and implement regular trainings

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Material Topics	Risks	Opportunities	Impact to Key Stakeholders	Management Action Plan
Regulatory Compliance 	Non-compliance will result in tarnished reputation and regulatory fines	Dedicated compliance committee and/or hiring external consultants to review and update the policy regularly and provide training for employees	Safer work environment, improved job satisfaction, improvement in quality of life, more likely to attract customers	Identify regulatory risks, conducting gap analysis, creating compliance policies and internal controls, implementing training, and conducting compliance audits
Quality & Client Satisfaction 	Poor customer service would lead to losing customers' interest and damaging reputation and branding	Stimulate and increase competitiveness and create green business segments	Meeting the needs of its clients and delivering high-quality work, which can lead to increased business opportunities and a positive reputation	Hearing customer problems, customer service surveys, social media handles, live web chats
Corporate Governance 	Increased cost from non-compliance and hindered business growth	Improve operational efficiency, operating and financial performance may be improved	Protects the interests of shareholders providing accountability, efficient running of business	Assigning clear roles and responsibilities, including appointment and dismissal of board committees, ensure compliance with the law, promote ethical and responsible behavior

KEY HIGHLIGHTS AND PERFORMANCE





Our Groups's key performance for the financial year ended 31 December 2022 ("FY2022") are summarised below:

HEB's Key Material Matters	Area	2022 Performance
Nation Building through our Market Presence 	<ul style="list-style-type: none"> Market Presence 	 <p>The deployment of BIM-empowered software to manage project effectiveness and incorporating environmentally friendly features for a few selected and applicable projects</p>
Employee and Public Safety 	<ul style="list-style-type: none"> Health and Safety 	 <p>Zero major incidents, Zero fatalities</p>
Regulatory Compliance 	<ul style="list-style-type: none"> Compliance 	 <p>Zero non-compliance fines</p>

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HEB's Key Material Matters	Area	2022 Performance
Quality & Client Satisfaction 	<ul style="list-style-type: none"> Customer satisfaction 	 80% score client satisfaction
Corporate Governance 	<ul style="list-style-type: none"> Anti-Bribery Whistle-Blowing 	 Zero incidents of Anti-Bribery and Anti-Corruption (ABAC) Zero incidents of whistle-blowing
Industry Advancement 	<ul style="list-style-type: none"> Market Presence 	 <ul style="list-style-type: none"> One staff appointed as committee member to execute BIM development work for LLM Kick-started development of new Construction Management Integrated System (CMIS)
Energy Management and Climate Change 	<ul style="list-style-type: none"> Energy Management 	 5.5% increase in electricity consumption (due to business back in operation after pandemic)
Environmental Awareness through Environmental Strategies 	<ul style="list-style-type: none"> Economic Presence 	 Incorporated environmentally friendly features for a few selected and applicable projects
Job Creation 	<ul style="list-style-type: none"> Engagement 	 Recruited 39 Protégé (interns)
Diversity, equal opportunity, and non-discrimination 	<ul style="list-style-type: none"> Diversity 	 25% females on board
Career Development 	<ul style="list-style-type: none"> Training and development 	 9.66 hours of training per trained employee
Employee Engagement 	<ul style="list-style-type: none"> Engagement 	 8 activities per annum

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HEB's Key Material Matters	Area	2022 Performance
Local Communities	<ul style="list-style-type: none"> Community / Society 	 Focused efforts on employee engagement and welfare
Water Management	<ul style="list-style-type: none"> Water Management 	 16.2% increase in water consumption due to business back in operation after pandemic
Waste Management	<ul style="list-style-type: none"> Waste Management 	 Disclosure of scheduled waste usage
Carbon Emission	<ul style="list-style-type: none"> Emissions Management 	 Scope 1 emissions in kilogram of CO ₂ e for one subsidiary and Scope 2 emissions in tonnes of CO ₂ e of the Group

EMPOWERING THROUGH SUSTAINABLE DEVELOPMENT GOALS



HEB prioritises its sustainability efforts towards achieving peace and prosperity for the people and planet, now and in the future. To empower this initiative, we align our Group towards the United Nations Sustainable Development Goals (UNSDG).

The UNSDG is a set of 17 global goals adopted by the United Nations General Assembly in 2015 as part of the 2030 Agenda for Sustainable Development. The goals are interrelated and mutually reinforcing, and achieving them requires the efforts of governments, civil society, the private sector, and individuals around the world.

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The UNSDGs are incorporated as part of the Malaysian government's development plans and the business sector has been encouraged to follow suit. We have heeded our government's call by mapping strategies that contribute to the attainment of the UNSDGs to create a more sustainable future for everyone. These are outlined in the figure below.



HEB is committed to improving the safety and health of employees by providing supportive programmes that address various health and wellness areas. The Group works hard to deliver a zero-accident rate across its entire operations.



HEB promotes lifelong learning and professional development by continuously investing in its workforce. The Group provides access to learning through various platforms including internal and external trainings.



The rights and opportunities of every person should be respected, regardless of their gender, ethnicity, religious belief or socio-economic background. HEB ensures that its businesses are diverse, inclusive and reflect local communities where its operations are based.



HEB contributes to sustainable environment by providing engineering and project management services through technology advancement and engineering solutions. HEB Group actively manages any risks related to climate change and develops engineering solutions to mitigate these environmental challenges.



HEB initiated various employment programmes and action plans. PROTÉGÉ is one of our longstanding commitments to growing Malaysia's talent pool. It equips Malaysian graduates with the necessary skills and experience to thrive in the corporate world. PROTÉGÉ is under the purview of the Ministry of Entrepreneur Development and Cooperatives (MEDAC). Further explanation is provided in our Social section of this Statement.



HEB is relentless in bringing value and results to its clients. Our innovation and advancement projects define their engineering and project management capability. With our combined experience of more than 80 years, the Group boasts long-standing expertise in a wide array of industries including infrastructure, transportation planning, roads and highways, railways and metro systems, water resources and supply, waste management, buildings and structures and power generation.



Achieving economic growth and sustainable development require an urgent reduction of our ecological footprint. HEB practises efficient management of resources and responsible operation throughout its supply chain. HEB, its subsidiaries and associate companies have achieved various standards and certifications including ISO37001:2016, ISO9001:2015, ISO14001:2015, and ISO 45001:2018.



HEB's employees pride themselves on adhering to the highest code of ethics that governs all business operations and living out the mission in the community. HEB has zero-tolerance for corruption and fraud and promotes the dissemination of the principles of business and professional ethics.



HEB Group introduces several initiatives that actively shape sustainable development through collaboration and mutual exchange with stakeholders. We reached out to organisations including strategic partnerships and joint ventures with companies with a local presence in India and ASEAN.

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ECONOMIC

Materiality Matters Covered

Nation Building through our Market Presence

Industry Advancement

Corporate Governance

Regulatory Compliance

Respecting Human Individual Rights



Producing sustained, inclusive and sustainable economic growth by providing productive employment opportunities for all



Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation



Making cities and communities inclusive, resilient and sustainable



Promoting just, peaceful and inclusive societies through effective corporate governance



Working closely with organisations and institutions for sustainable development

NATION BUILDING THROUGH OUR MARKET PRESENCE & BUSINESS OPERATIONS

The following section depicts some of our key projects undertaken in FY2022 that positively contributed towards the ESG landscape. Additionally, we highlight several environmentally friendly features that were used in our projects.



Raw Water Transfer from Sungai Sedili Besar to Sungai Gembut

The El-Nino phenomena experienced in the State of Johor from March to June 2016 have raised concern on the availability of raw water source of the Sungai Gembut Water Treatment Plant (WTP). Sungai Gembut, a tributary of Sungai Sedili Besar is the only raw water source of the Sungai Gembut Water Treatment Plant. El-Nino which took effect beginning April 2016 caused the water level at Sungai Gembut to drop to a critical level resulting in the reduction of the Sungai Gembut WTP production from 8.9 Mld to 5.9 Mld. To overcome the shortage of clean water supply from 18 April 2016 to 28 May 2016 in the distribution areas of Kg. Gembut, Felde Bukit Aping, Bukit Tiga, Sedili Besar and Sedili Kecil comprising approximately 30,000 consumers, the Suruhanjaya Perkhidmatan Air Negara (SPAN) sanctioned water rationing to these affected areas. There were also reduced production from Sungai Gembut WTP in the year 2019 and year 2020 for durations of 56 days and 37 days, respectively with provision of scheduled water supply to these affected areas.

This project was implemented to avoid recurrence of water supply disruption during drought period and to ensure continuous potable water supply without disruption to the receiving consumers. The main scope of the project is to construct a New Sungai Sedili Besar Water Intake of 18 Mld at Sungai Sedili Besar and laying Single DN 500mm raw water pipeline of about 22km leading to Sg. Gembut for subsequent abstraction at the Sungai Gembut WTP.

SMHB was appointed as Engineering Consultant to carry out feasibility study, concept and detailed design, tender preparation, supervision during construction, monitoring and advise on remedial works during Defects Liability Period.

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SUKE Highway



Batu Pahat Water Treatment Plant and Reticulation Works

The Sg. Batu Pahat basin is the main water resource for the district of Batu Pahat, Johor. The Sg. Batu Pahat, which flows through Batu Pahat town comprises two main tributaries i.e. Sg. Simpang Kiri and Sg. Simpang Kanan. Sg. Simpang Kanan in turn has two tributaries, i.e. Sg. Bekok and Sg. Sembrong. The Sg. Bekok and Sg. Sembrong catchments have been exploited by the Bekok and Sembrong reservoirs in the upper reaches of the respective rivers, whilst Sg. Simpang Kiri has not been used for water supply purposes. Presently, the Bekok reservoir provides direct supply yield of approximately 260 Mld and channeled to the Yong Peng 2&3 WTPs (90 Mld) and Sembrong Lagoon (150 Mld) for further pumping to the Sri Gading and Parit Raja WTPs, with a surplus yield of only 20 Mld which is not viable to meet the envisaged requirements of this project.

The main purpose of this project is to increase the reserve margin of treated water for Batu Pahat to ensure continuous water supply and minimise water disruption during WTP temporary shutdown and to cater for high demand for water supply during festive season. There will also be a need to rezone water supply for all WTP in Batu Pahat with the completion of the new proposed WTP as well as to improve water distribution system in Senggarang area and other areas in Batu Pahat.

This Project envisages a new water supply scheme for the district of Batu Pahat with proposed capacity of 40 Mld (with an ultimate capacity of 80 Mld), trunk main system from a new WTP and water distribution improvement works, and a new service reservoir of 5.4ML at Senggarang, Batu Pahat.

SMHB was appointed as Engineering Consultant to carry out detailed study, detailed engineering investigation, detailed design, tender preparation, supervision during construction, monitoring and advise on remedial works during Defects Liability Period.



East Coast Rail Link (ECRL)

The ECRL is a major infrastructure project undertaking in Malaysia that aims to connect the country's east coast states to the west coast, including the capital city - Kuala Lumpur. The project involves building a new 640-kilometer railway line with several stations and terminals in order to increase connectivity and stimulate the economic growth. The ECRL project is anticipated to increase overall efficiency, lower transportation costs, and ease the movement of people, goods, and services across the nation.



Green Building at Supervision Building at Toll Plaza Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) Highway Infrastructure Project

The Green Building at Supervision Building of Toll Plaza SUKE Highway is a sustainable infrastructure project in Malaysia. Green building, also referred to as sustainable building or eco-friendly construction, is the method for designing and constructing buildings with consideration for the environment in mind. It also emphasizes how crucial it is to include environmentally friendly techniques into infrastructure projects in order to preserve the environment and encourage sustainable growth. A variety of factors are taken into account while designing a green building, such as site selection, energy efficiency, water conservation, material choice, waste reduction, and others. Through the implementation of green building techniques and ideas, the toll plaza's environmental impact will be reduced during the duration of its construction. HSSI was appointed as Engineering Consultant to carry out preliminary and detailed design and provide consultant site supervision during construction in the project.

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Environmentally Friendly Features Deployed in these projects:



Reducing Energy Consumption – Towards a Lower Carbon Footprint

At HEB, we prioritise energy efficiency and sustainability through the selection of electrical components and fittings that optimize energy usage, resulting in lower energy consumption and a lower carbon footprint.

First, we implement natural lighting as a benefit for employee well-being which reduces the need for artificial light sources and energy consumption. The measure taken to keep the energy consumption low is by introducing LED light fittings. LED lights are an effective way to reduce energy consumption and associated costs. They offer several advantages over traditional lighting systems, including energy efficiency, longer lifespan, lower heat output, and smart lighting controls. Besides, there are sub-metering provided for all retail or concession areas. This measure facilitates the end user on energy monitoring in order to mitigate overconsumption.

Second, we plan to implement solar powered streetlights for certain areas of the project. This would give us a stronger footing into using renewable energy, thereby reducing the overall energy consumption of the development. Besides, we deploy technologies such as the Variable Speed Drive (VSD) Pump System for the Domestic Water and Rainwater Harvesting Systems respectively. VSD pump system is an effective way to reduce energy consumption and associated costs in pumping applications. They offer several advantages over traditional pumps, including energy efficiency, reduced wear and tear, improved control, and smart controls.

Third, Digital Power Meter (DPM) were used and linked to Environmental Management System (EMS) to facilitate the energy monitoring of base building services & tenants' or end users' spaces. In addition, Motion Sensors were used to complement lighting zoning for at least 25% net lettable area (NLA) while Lux Sensor-controlled lighting in conjunction to daylighting strategy for all perimeter zones and daylight area. Solar-powered photovoltaic panels also convert the sun's rays into electricity to supply renewable energy to the building. Lastly, Electric vehicle (EV) charging station can increase the demand of EVs while also lowering the use of non-renewable energy and drastically shortening charging periods via high-voltage outlets. The actions taken above contribute to a lower carbon footprint thereby reducing environmental impact.



Rainwater Harvesting /Water Conservation /Reduce Freshwater Usage

At HEB, we take a comprehensive approach to erosion and sediment control, implementing measures to reduce soil erosion and minimise water pollution. Soil erosion can lead to water pollution by causing sediment to run off into waterways, which can cloud the water and harm aquatic life. Additionally, pollutants that have been deposited on the land can be carried into waterways during periods of heavy rain, leading to further water pollution.

Our approach to reduce both soil erosion and water pollution includes the use of green cement, specifically Ground Granulated Blast-furnace Slag (GGBFS) and Pulverised Fuel Ash (PFA), both are made from recycled industrial by-products and release lesser greenhouse gases. Green cement production typically involves water-saving technologies and methods that reduce water waste, helping to prevent water pollution. The production methods involving this material can also help in conserving soil, reducing soil erosion by minimizing the amount of land that is disrupted during the extraction of raw materials. Our commitment to reducing water pollution is evident in our selection of environmentally friendly materials, as well as our focus on sustainable practices throughout the construction process. The measure taken to improve water conservation is by introducing a Rainwater Harvesting System that supplies water to fittings such as urinals, water closets and landscape/garden taps. The Rainwater Harvesting System can significantly improve water conservation by reducing the demand on the municipal water supply, reducing stormwater runoff, reducing water bills, increasing water self-sufficiency, and improving plant growth.

Aside from that, Digital Water Meter (DWM) is used and linked to EMS for monitoring and managing major water usage systems to facilitate early detection of water leakage. Besides that, the use of Building Management System (BMS) enables occupants to monitor and analyse energy consumption. The BMS is linked to an LED display which can be seen by the public to raise awareness of climate change and for green building educational purpose. By taking these proactive steps, we can safeguard the environment and protect the health and well-being of both the local community and our employees.

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Reduce Air Pollution

At HEB, we are dedicated to promote environmental responsibility and maintain air quality through the implementation of sustainable practices. Our fire protection system utilises an inert gas (IG-55) which is used for fire protection containing composition of 50% Argon and 50% Nitrogen that contributes to lower greenhouse gas emissions thereby reducing air pollution.

We take a conscientious approach to the selection of materials, specifically choosing low V.O.C (Volatile Organic Compounds) paint to limit the emission of toxic gases. These paints have solvents or organic compounds that are not harmful to the environment and humans.

In addition to our efforts in reducing air pollution, we implement the air-distribution systems including air handlers, ductwork, and associated components for heating, ventilating, and air-conditioning buildings. They provide fresh air to maintain adequate indoor-air quality while providing conditioned air to offset heating or cooling loads. With these efforts, we are in line with our overarching commitment to promoting sustainability and preserving the health and well-being of both our employees and the broader community.














Langat 2 Water Treatment Plant

SUSTAINABILITY STATEMENT

ENSURING ENVIRONMENTALLY FRIENDLY FEATURES IN OUR DESIGN PROJECTS

To achieve our targets and objectives, our engineers consider impact to environment in design works and adopt appropriate input or measures. The following table shows the list of environmentally sustainable features to be considered for adoption in projects design.

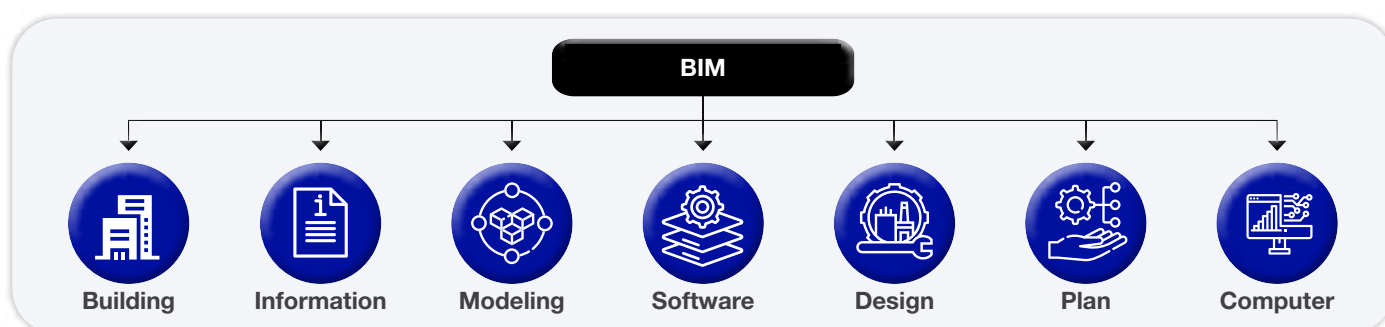
No.	Design Feature	Environmental Aspects	Environmental Impact	Legal and Other Requirements
1	 Selection of energy saving electrical components & fittings	Reduce energy consumption	Reduce depletion of natural resources	-
2	 Use of high efficiency motors, pumps & blowers	Reduce energy consumption	Reduce depletion of natural resources	-
3	 Use of clean agent system gas in fire protection system	Reduce emission of greenhouse gases	Reduce air pollution	EQA 1974 Sect 22
4	 Natural lighting for buildings	Reduce energy consumption	Reduce depletion of natural resources	-
5	 Use of LED light	Reduce use of energy	Reduce depletion of natural resources	-
6	 Erosion & sediment control measures	Reduce soil erosion	Reduce water pollution	EQA 1974 Sect 25
7	 Selection of green cement 3 (PFA/ GGBFS cement)	Reduce use of man-made/chemical-based materials	Reduce air & water pollution	EQA 1974 Sect 22 & 25
8	 Use/Selection of low V.O.C paint	Reduce emission of toxic gases	Reduce air pollution	EQA 1974 Sect 22
9	 Use of solar panels	Reduce energy consumption	Reduce depletion of natural resources	-
10	 Rainwater harvesting tank	Reduce consumption of water	Reduce depletion of natural resources	-

HEB's Key Material Matters	Area	2022 Performance
Nation Building through our Market Presence	Market Presence	 <ul style="list-style-type: none"> The deployment of BIM-empowered software to manage project effectiveness and incorporating environmentally friendly features for a few selected and applicable projects

INDUSTRY ADVANCEMENT - INNOVATION AND DIGITALISATION

The Group is cognizant of the significance of being up-to-date with the latest trends brought by the Fourth Industrial Revolution 4.0 ("IR 4.0") and Society 5.0. We are constantly emphasizing the importance of exploring new and innovative methods to improve project delivery and create a positive impact in the business ecosystem. Therefore, the faster we deploy the right technology, the faster we can achieve our objectives and make a positive impact.

BUILDING INFORMATION MODELING ("BIM")



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To strategically facilitate the roll-out of our digital efforts, we have a dedicated Digital Innovation Committee, which is responsible for identifying and fostering new innovative engineering solutions.

One of our key digital tools in practice is the Building Information Modeling (“BIM”) tool. This tool is designed to help engineering and construction companies manage project effectiveness.

The principles of both BS EN ISO 19650 parts 1 and 2 are founded on the United Kingdom (UK)’s standards for information management using BIM and is fundamentally an internationalization of the UK’s BIM L2 model.

The UK’s decision to trigger the move from BIM Level 2 as UK Standards to international standards is rooted back in 2011, as a result from the issue of ‘Report for the Government Construction Client Group – BIM Strategy Paper.’ The report encouraged greater adoption of BIM within the UK domestic construction sector and at the same time, recognized that BIM would become a disruptive and ‘game changing’ way of working which would have a profound effect on global construction. Further BIM technologies and processes transcended national or geographic borders.

The Government of Malaysia highly encourages the use and deployment of this technology because it can overcome construction project problems like delay, design clashes with other professionals, risk of going below or beyond scope, overrunning costs, and insufficient features. There are several software tools suggested by the Government that use BIM. To name a few: AutoCAD, Revit, SketchUp, Navisworks, Archicad, AutoCAD Arch, AutoCAD MEP.



In January 2020, the Construction Industry Development Board (“CIDB”) established the latest BIM Project Guide-5. This guide was developed significantly with BS EN ISO 19650 with the objective to explain the process of how to implement BIM in construction projects. The following images showcase the types of guides released. HEB Group, through its subsidiary BIM Global Ventures Sdn. Bhd. (“BGV”) obtained the Quality, Environment, Occupation Safety and Health (“QESH”) accreditation in line with HEB Group standards.



SUSTAINABILITY STATEMENT

Several trainings and workshops were carried out throughout 2022 to spread awareness about the importance of BIM. Through these trainings, it can upskill drafters with BIM modeling and raise awareness about new software available in the market that provides BIM solutions. The following are some of our key trainings:



APPOINTMENT BY LEMBAGA LEBUHRAYA MALAYSIA (LLM)

We are proud to announce that one of our staff has been appointed as a committee member to execute Building Information Modeling (BIM) document development work for Lembaga Lebuhraya Malaysia's (LLM's) continuous efforts in promoting and widely rolling-out the deployment of BIM in Malaysia.

LLM's management has agreed to create a guideline as a reference to help concessionaires understand and execute the implementation of BIM to all highway projects in Malaysia. A total of 5 grand committee meetings were held in 2022. LLM has finalised both its BIM policy and the guidelines draft in 2022. The estimated timeline for the Guideline to be shared to public will be in June 2023.

The guideline serves as a reference to concessionaires, consultants and contractors in making sure that the design phase, construction and operation of highways are executed and implemented systematically and efficiently utilise the advantages of using BIM.

DIGITAL INNOVATION COMMITTEE

At HEB, we have a Digital Innovation Committee which is made up of a group of individuals who are responsible for overseeing and driving the development and implementation of digital and innovation initiatives within the organisation. The purpose of the committee is to ensure that our Group stays ahead of the curve in terms of technology and innovation, and that it takes full advantage of new opportunities to improve its processes, offerings, and overall performance.

Moving forward, we aspire to add on members to our Digital Innovation Committee to ensure that the team is comprised of a variety of individuals from different departments, including senior executives, technology experts and business leaders. This will help to strengthen the committee's ability to set strategic goals and priorities for digital and innovation initiatives, and ensure that these initiatives are aligned with the overall goals and objectives of the organisation.

DIGITAL TWIN COLLABORATION PROGRAMME

During the year 2022, we formalised a collaboration with Taylor's University where together HEB and Taylor's will design and develop a digital twin template for existing and future infrastructure and highways to be used by operators and authorities.

A digital twin is a digital representation of an intended or actual real-world physical product, system, or process that serves as the effectively indistinguishable digital counterpart for practical purposes, such as simulation, integration, testing, monitoring, and maintenance.

We are currently in the first phase of the digital twin collaboration, and it focuses on post-construction use with the environment, sustainability and governance being the primary objectives of the use of this technology.

Moving forward, HEB together with Taylor's University Impact Labs will focus on the United Nations Sustainability Development Goals for all use cases generated from this collaboration.

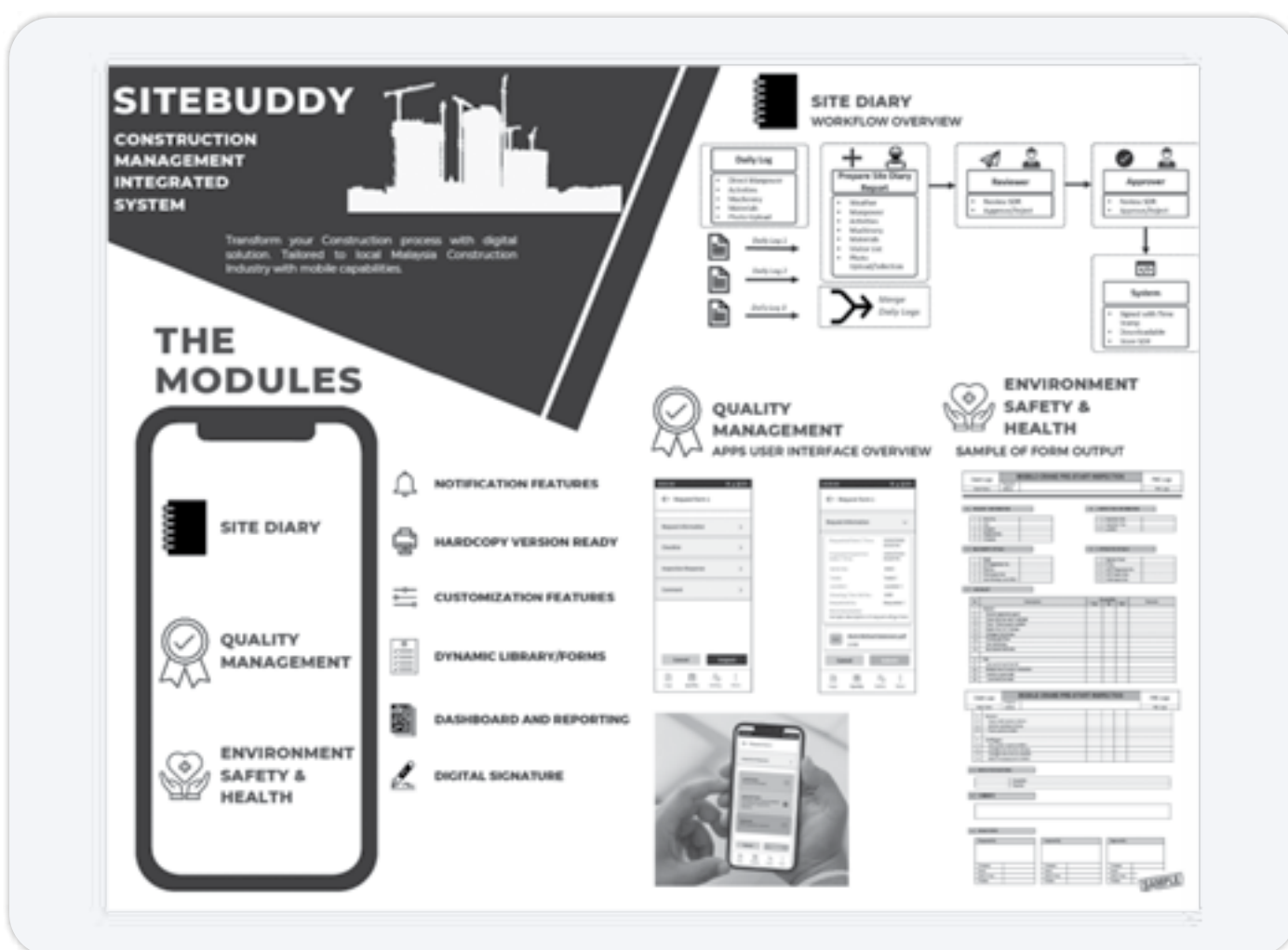
SUSTAINABILITY STATEMENT



INFORMATION MANAGEMENT SYSTEM UPGRADE

In 2022, HEB digitised information that is captured and stored by the MSC Department. The main idea of the upgrade is to create a data driven environment for all completed and ongoing projects. Moving forward, we aim to create a digital ecosystem that will utilise emerging technologies, namely 5G, Internet of Things (“IoT”) and Cloud computing.

CONSTRUCTION MANAGEMENT INTEGRATED SYSTEM (“CMIS”)

At HEB, we plan to deploy a Construction Management Integrated System that houses management monitoring and control, system administration, interactive data analytics dashboard for insightful reporting and analysis. This system is built to have separate modules for each function, manage submissions, review and approvals followed by report generation. In addition, it can be accessed on mobile via an application called “Sitebuddy” to ease daily data entries and inspections and enable offline access. The image below showcases some of the key features of CMIS.



HEB's Key Material Matters	Area	2022 Performance
Industry Advancement	Market Presence	 <ul style="list-style-type: none"> One staff appointed as committee member to execute BIM development work for LLM
		 <ul style="list-style-type: none"> Kick-started development of new Construction Management Integrated System (CMIS)

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE



The figure above showcases our policies which are available on our company’s website. These policies help govern the way we operate. Ethics, conduct, and integrity are important values that refer to principles and standards that guide the behavior of our employees and organisation. Our ethics narrate the moral principles that we practice whereas our conduct explains how we interact with others in different situations. At HEB, integrity forms an integral part of our work culture. We firmly believe in the adherence to moral and ethical principles, including honesty and truthfulness especially acting in a way that is consistent with one’s values and beliefs, even when no one is watching. We highly expect our directors, employees, contractors, suppliers, agents, consultants and all other individuals or parties acting on our behalf to adhere to these policies and practices.

To ensure these principles of ethics and conduct are weaved into our business and operational environment, we channel our efforts into building explicit values, thought judgements, incentives, cultural norms and making training arrangements that assist in developing the right attitude and behavior in our employees. This will help ensure business is conducted in compliance with the law, core ethical values of respect and integrity and adherence towards Malaysia Anti-Corruption Act 2009 (Amendment 2018).

ANTI-BRIBERY AND ANTI-CORRUPTION (“ABAC”)

At our Group, we have put in place an Anti-Bribery and Anti-Corruption policy which can be obtained from our company’s website. These measures are important for us to implement widely across the organisation because bribery and corruption can lead to legal and reputational risks that can damage our bottom-line. Through the right procedures, we aim to prevent, detect, and immediately address any sort of bribery and corruption.

We are committed to conducting business and operations in accordance with the ABAC laws. We strengthen our adherence by implementing relevant controls that enable us to align to the policy and build-on making continuous improvements.

We are proud to declare that we have “zero-tolerance” policy towards bribery and corruption. However, to achieve this, it requires collective efforts from all parties. As we focus to weave such practices in our organisation, our Group has signed an integrity pledge to re-enforce our commitment towards combating bribery and corruption. We are pleased to announce that there were no corruption incidents reported in FY2022.

SUSTAINABILITY STATEMENT

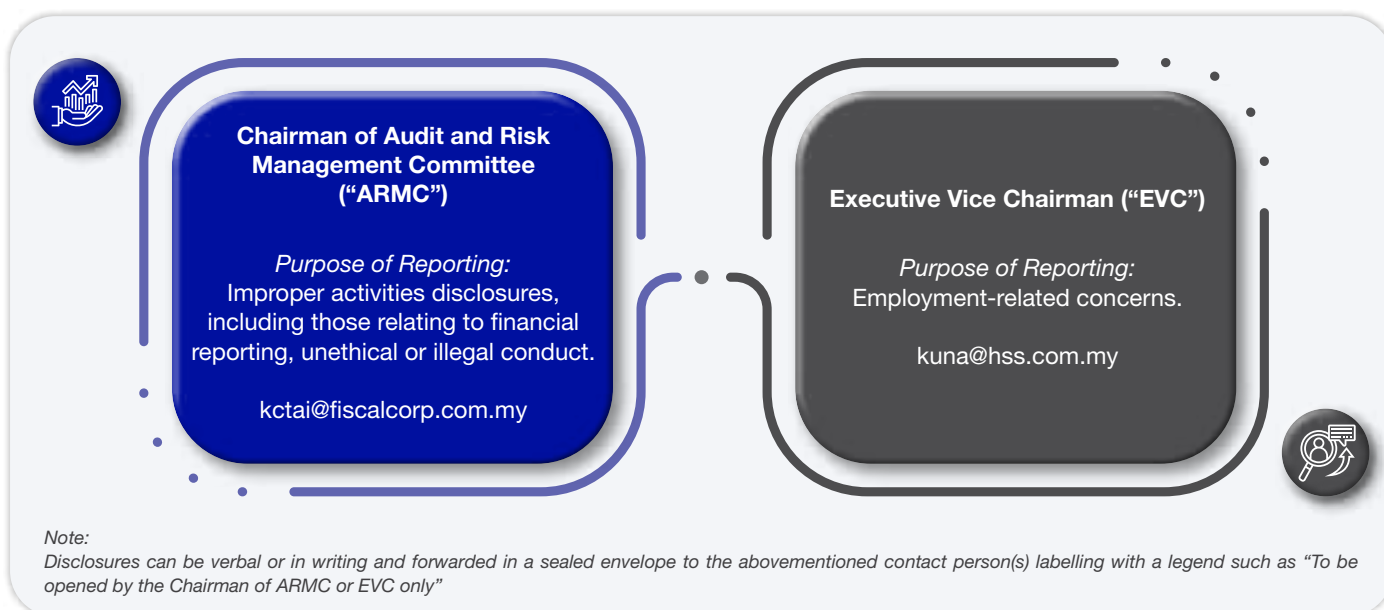
In addition, to ensure our workforce is adequately educated regarding ABAC, in FY2022, we have carried out 8 workshop and briefings for a total of 46 participants, along with an ISO37001 ABMS Awareness workshop, which mainly focused on training participants in Anti-Bribery Management System ("ABMS").

As we implemented Anti-Bribery Management Systems in accordance with MS ISO 37001:2016 in 2020, SIRIM QAS International certified HEB, BGV, HSS Engineering Sdn. Bhd., HSS Integrated Sdn. Bhd. and HSS Mekanikal & Elektrikal Sdn. Bhd. In March 2022, SMHB Engineering Sdn. Bhd., SMHB Environmental Sdn. Bhd. and SMHB Sdn. Bhd. also received the ABMS certification.

WHISTLE-BLOWING

We strongly support the idea that every individual has freedom and basic right to life, liberty, and security, as well as the right to education, work and to form and join trade unions. We believe in the right to a fair trial, freedom of expression, association, and assembly, and the right to be free from discrimination and torture. At corporate level, all employees have a professional obligation to report any misconduct, fraud, or wrongdoing. This enforcement is governed by our established Whistle-Blower policy, which is reviewed annually to ensure it's relevance within the context of exiting business environment.

We understand that individuals may be hesitant to report misconduct, fraud, or wrongdoings. To better manage this, all internal and external interested parties have full access to official channels for reporting and raising concerns. To file a complaint, the respective individual may do so by submitting a report/complaint as follows:



It is important to ensure that every employee in our organisation is aware of our human rights strategies in action. To spread awareness, our townhall sessions have become an effective platform to communicate with our employees besides established consultation officers and grievance mechanisms to address violations and grievances. We are proud to declare that there were no reported whistle-blower cases in FY2022 (FY2021: Nil).

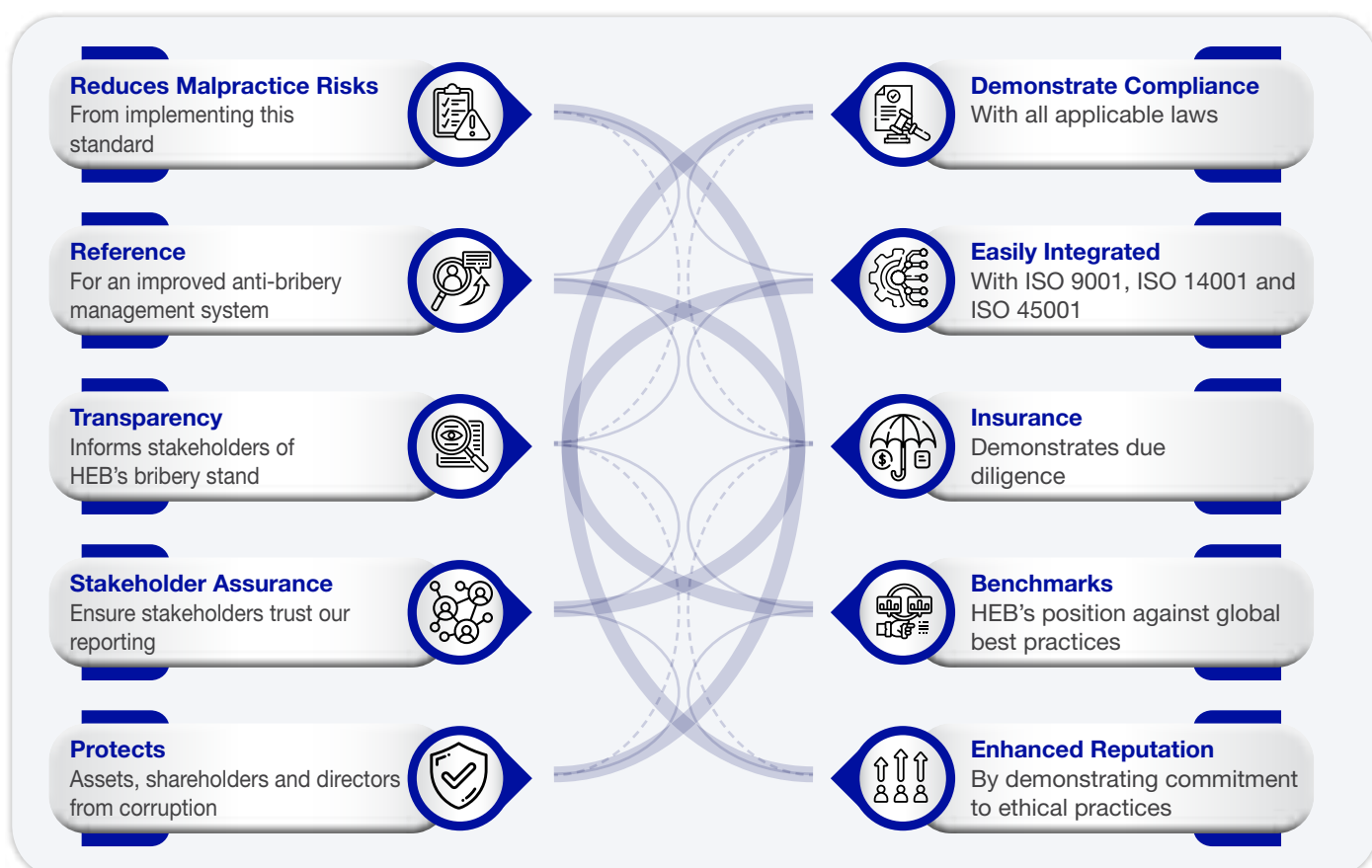
HEB's Key Material Matters	Area	2022 Performance
Corporate Governance	• Anti-Bribery	<div style="display: flex; align-items: center;"> <div style="border: 2px solid #0056b3; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">0%</div> <div>Zero ABAC incidents</div> </div>
	• Whistle-Blowing	<div style="display: flex; align-items: center;"> <div style="border: 2px solid #0056b3; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">0%</div> <div>Zero Incidents of Whistle-Blowing</div> </div>

SUSTAINABILITY STATEMENT

REGULATORY COMPLIANCE

INTERNATIONAL ORGANISATION FOR STANDARDISATION (“ISO”) 37001

ISO 37001 is designed to help us have a proper structure, system, and processes in place to implement effective anti-bribery management system. The certifications give us a stronger edge to instill awareness in our employees. The figure below showcases the benefits of ISO 37001:2016.



We are pleased to report that there have been no cases of non-compliance concerning ethical conduct during this FY2022 reporting period. (FY2021: Nil).

HEB's Key Material Matters	Area	2022 Performance
Regulatory Compliance	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Zero non-compliance fines

AWARD FOR EXEMPLARY PRACTICES IN INTEGRITY, GOVERNANCE AND ANTI-CORRUPTION

HEB Group was honoured by the Malaysian Institute of Integrity with a Silver Award for exemplary practices in Integrity, Governance and Anti-Corruption during FY2022. Out of a total of 116 entries from both public and private sectors, only 92 organisations were selected and recognised for their effort in upholding good governance practices as anti-corruption measures in government, corporate and project management.

Our Group had embarked on a journey of promoting transparency and trust since 2019. In May 2020, our Group's subsidiaries and associates successfully obtained the ISO 37001:2016 Anti- Bribery Management System certification. Also, most recently, the Group received five certifications of the newly implemented anti-bribery management systems ISO 37001:2016 issued by SIRIM Berhad in December 2022, specifically for HSS Engineers Berhad, HSS Engineering Sdn. Bhd., BIM Global Ventures Sdn. Bhd., HSS Integrated Sdn. Bhd., and HSS Mekanikal and Elektrikal Sdn. Bhd..



SUSTAINABILITY STATEMENT

ENVIRONMENT

Materiality
Matters
CoveredEnvironmental
AwarenessEnergy
Management
and Climate
ChangeWater
ManagementWaste
ManagementCarbon
Emission

Providing engineering and project management services through technology advancement and engineering solutions.



Addressing the drastic effects of climate change by exploring new renewable energy projects and opportunities.

HEB views environment sustainability as an important concept to protect the health and well-being of people and our world, while supporting economic development and social progress.

At HEB, we prioritise on inventing new engineering tools and solutions to contribute towards environment preservation and protection. To ensure our new engineering solutions are eco-efficient, we consistently evaluate them based on their capability to achieve the following factors in the diagram below.



In an effort to promote environment sustainability within our company, we introduced a dedicated team known as the Green Taskforce since 2017. This team is responsible for organizing, executing and implementing green initiatives throughout the year.

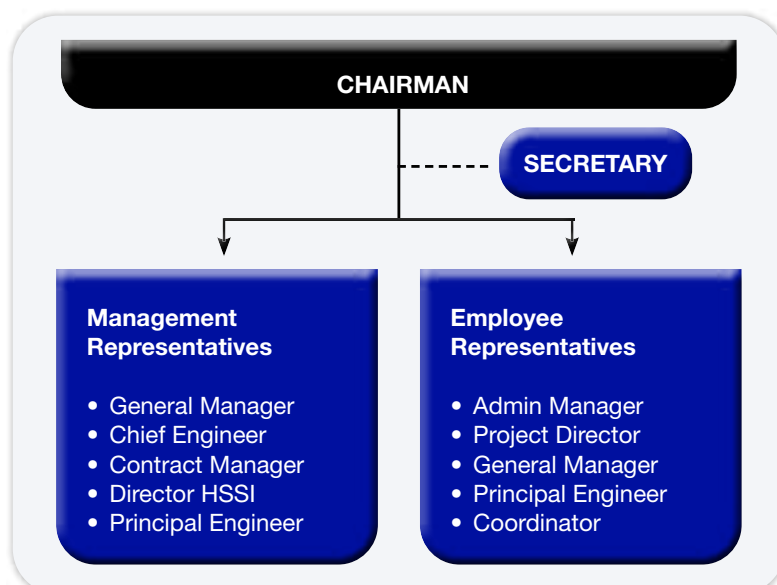
Our commitment to the environment ensures that we not only comply with environmental rules and regulations but also exceed our clients' requirements.

ENVIRONMENTAL AWARENESS

ENVIRONMENT SAFETY AND HEALTH COMMITTEE

At HEB, there is a team of individuals dedicated to being part of our Environment, Safety and Health ("ESH") Committee with the key responsibilities to assess, monitor and improve our ESH aspects.

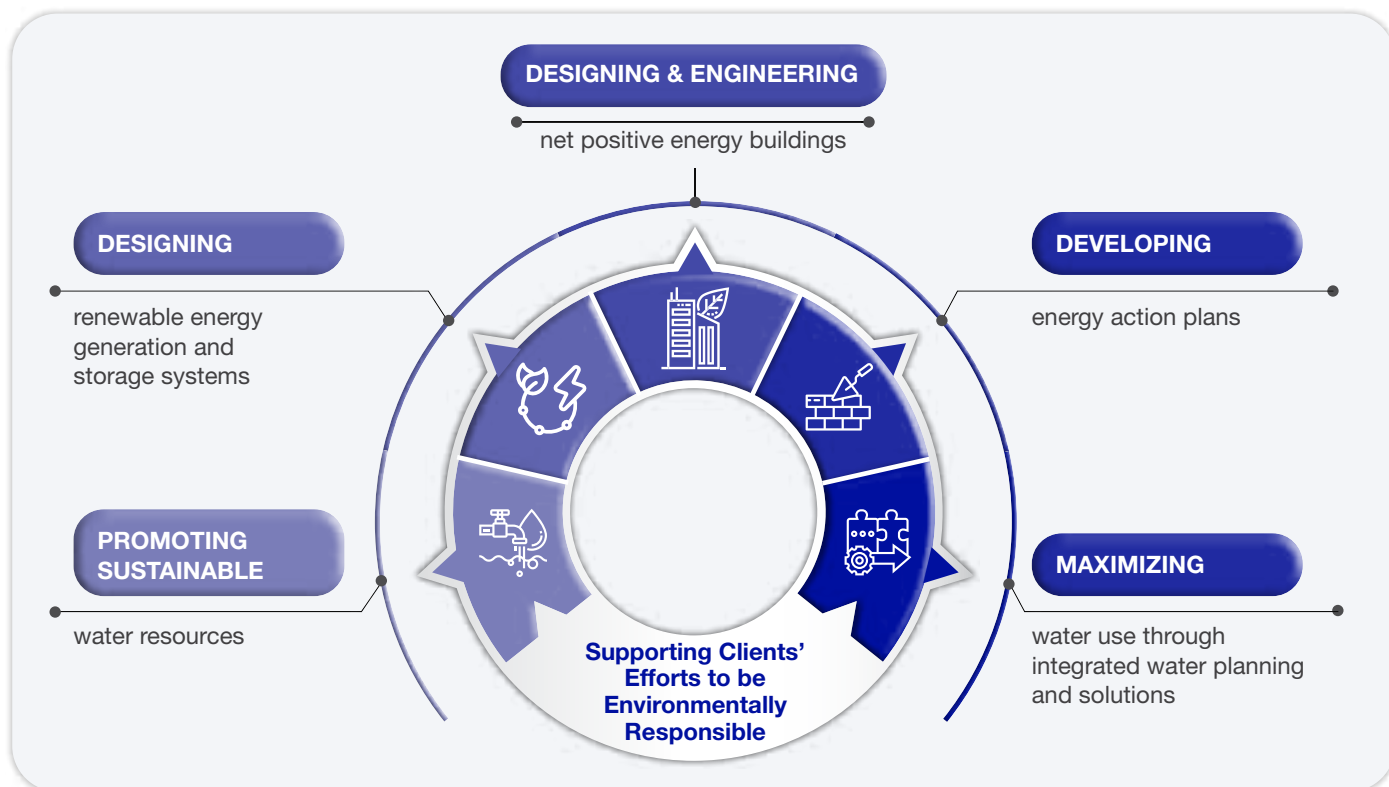
The chart beside shows the team of individuals of our ESH Committee:-



SUSTAINABILITY STATEMENT

ENVIRONMENTAL STRATEGIES

Our environmental strategies guide us to incorporate environmentally friendly features when executing projects through our market presence as part of our nation building initiatives. The following chart shows some of our key environmental strategies in place.

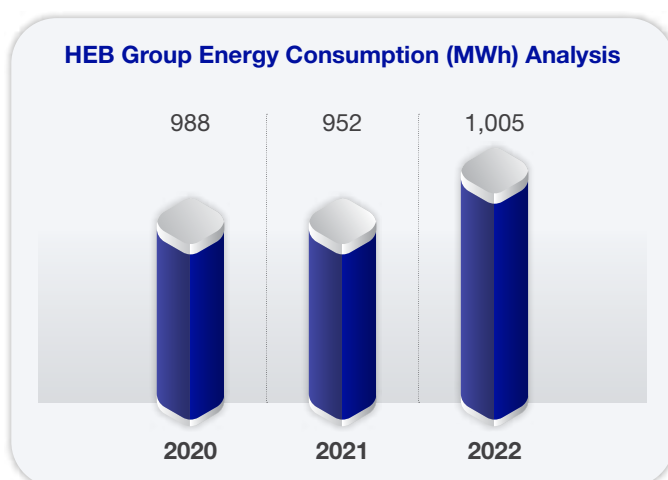


HEB's Key Material Matters	Area	2022 Performance
Environmental Awareness through Environment Strategies	<ul style="list-style-type: none"> Economic Presence 	<ul style="list-style-type: none"> Incorporated environmentally friendly features for a few selected and applicable projects

ENERGY MANAGEMENT AND CLIMATE CHANGE (ENERGY MANAGEMENT)

The total electricity consumed during FY2022 (1,005 MWh) was 5.5% higher compared to FY2021 (952 MWh). One of the primary factors contributing to the rise in usage of electricity was due to Malaysia transitioning into the phase of endemic where businesses were allowed to operate as usual with staff workforce coming back in action at 100% capacity. This contributed to the rise year-on-year. HEB continues to monitor the use of electricity in an effective and efficient manner and prioritise in minimizing where required.

The graph beside shows the electricity consumption in FY2022 in comparison to the FY2020 and FY2021.



HEB's Key Material Matters	Area	2022 Performance
Energy Management and Climate Change	<ul style="list-style-type: none"> Energy Management 	<ul style="list-style-type: none"> 5.5% increase in electricity consumption (due to business back in operation after pandemic)

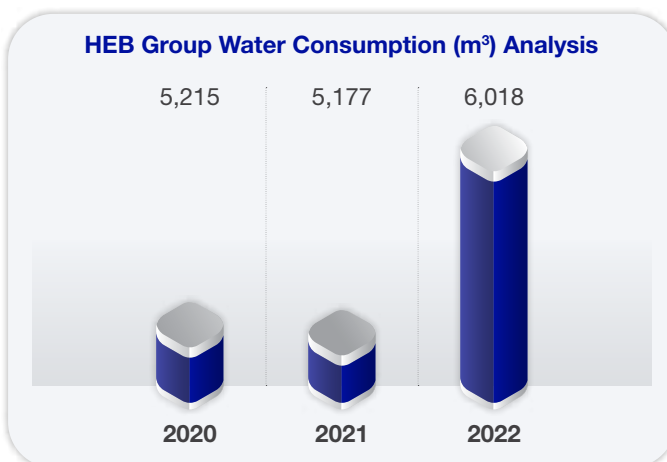
SUSTAINABILITY STATEMENT

WATER MANAGEMENT (WATER)

At HEB, we are committed to continuously conserve water in an effective manner to eventually reduce water consumption on a larger scale. We plan to develop and implement new water-saving strategies across our organisation and business operations as the Group recognises the importance of clean water supply and the current challenges the world is facing with its supply. HEB's commitment to strategising and implementing water conservation has achieved an increase of 16.2% compared to the FY2021 water usage. Similar to electricity, the rise in usage of water usage was due to Malaysia transitioning into the phase of Endemic where businesses are allowed to operate as usual with staff workforce coming back in action at 100% capacity.

HEB continues to monitor and embrace effective ways to reduce water consumption by increasing awareness amongst employees to be mindful of their daily water use, conducting regular assessment of water consumption, and developing and executing new water-saving strategies to further reduce water usage.

The following graph shows water consumption analysis in FY2022 in comparison to FY2020 and FY2021.



HEB's Key Material Matters	Area	2022 Performance
Water Management	<ul style="list-style-type: none"> Water management 	<ul style="list-style-type: none"> 16.2% increase in water consumption due to business back in operation after pandemic

WASTE MANAGEMENT

Waste management is essential for protecting the environment and preserving natural resources. It helps to reduce the environmental impacts of waste, such as air and water pollution, greenhouse gas emissions, and land degradation. At HEB, we ensure our waste is properly contained and disposed of by following a robust waste management procedure using our Integrated Management System ("IMS"). The IMS system is designed to capture information relevant to waste which enables us to closely monitor and follow the environmental regulation.

WASTE MANAGEMENT PROCEDURE



GENERAL WASTE

Non-hazardous wastes including garbage, food waste, boxes and pallets

- Recyclable and non-recyclable wastes are segregated.
- Non-recyclable wastes are disposed of at an area identified by the Building Management Office.



SCHEDULED WASTE

Any wastes falling within the category of waste listed in the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005

- Handling and disposing of scheduled wastes can only be performed by contractors registered with the Department of Environment (DOE).
- All containers are labelled with a description and hazard symbols (according to the Third Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005).
- Scheduled wastes can only be stored at a designated area. The stock quantities are updated regularly as required by the Fifth Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005.

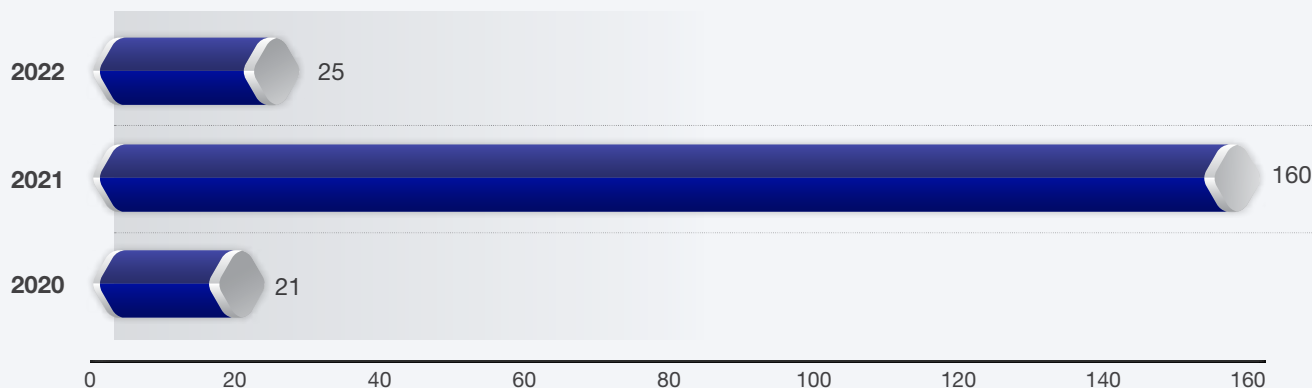
SUSTAINABILITY STATEMENT

SCHEDULED WASTE GENERATED

To facilitate an effective and strategic scheduled waste disposal practice based on the scheduled waste generated, we have a scheduled waste management process which governs the scheduled waste management activities in our organisation. The practice defines the actions, responsibilities and interfaces involved in identifying scheduled waste and taking action to minimise it to ensure that the scheduled waste generated is minimised and well controlled. One of our key practices is that we ensure the disposal of scheduled waste should not exceed 6 months storage duration whilst not exceeding 20 metrics tonnes (MT) or vice versa. We have appointed Kualiti Alam Sdn. Bhd. as a licensed contractor to assist in scheduled waste disposal. Kualiti Alam Sdn. Bhd. is a registered company appointed by Department of Environment (DOE).

The following graph showcases the total scheduled waste generated (HSSE and BGV) in FY2022 in comparison with FY2021 and FY2020.

HEB Group Scheduled Waste Generated (KG) FY2020 – FY2022



	Schedule Waste Type	Code	2020 (KG)	2021 (KG)	2022 (KG)	Total (KG)
1	Fluorescent Tube	SW 109	15.0	75.1	21.0	111.1
2	Bulbs	SW 109	1.2	0.9	0.4	2.5
3	Chokes	SW 110	3.8	81.8	2.5	88.1
4	Battery	SW 103	1.4	1.9	1.4	4.7
Total Qty Generated			21.4	159.7	25.3	

Based on the graph above, it can be observed that there was a schedule waste surge in FY2021 (160KG). This was due to a massive transition from traditional fluorescent tubes to energy-saving LED tubes. Due to the change, the chokes also had to be removed from the old fittings, hence resulting in a higher amount of scheduled waste.

Moving forward, the management of HEB aims to begin initiating waste recording practice and prioritise on the implementation of IMS for waste management procedures.

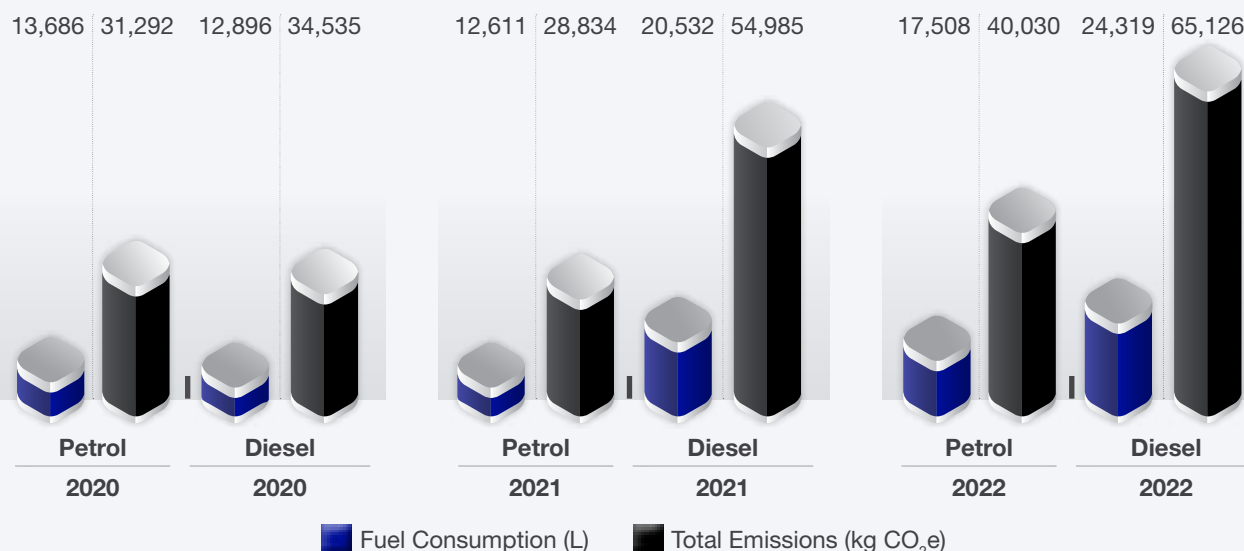
HEB's Key Material Matters	Area	2022 Performance
Waste Management	<ul style="list-style-type: none"> Waste Management 	<ul style="list-style-type: none"> Disclosure of scheduled waste usage

SUSTAINABILITY STATEMENT

CARBON EMISSIONS (EMISSIONS MANAGEMENT) – SCOPE 1 and SCOPE 2

In FY2022, the Scope 1 emission showed that the consumption of diesel and petrol was on the rise due to business operations returning to normal after the pandemic. The following visual showcases total carbon emissions against total fuel consumed from transportation.

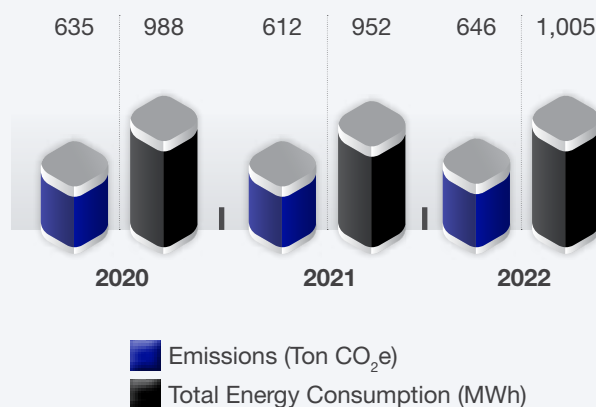
Scope 1 - Total Carbon Emissions against Total Fuel Consumption FY2020 to FY2022 (SMHB)



Our Group aims to further strengthen the Scope-1 related data collection initiative on a gradual progress. This will assist the data compilation process over time and strengthen the completeness of disclosure in the upcoming years. At present, one of our subsidiaries (SMHB) has already included this practice of recording Scope-1 related data and soon we aspire it to be an organisation-wide practice.

As for Scope-2, it can be observed that the emissions amount appears to be the highest in FY2022 (646 Tonnes CO₂e), with a spike in contrast with FY2021 (612 Tonnes CO₂e). One of the primary factors contributing to the rise in usage of electricity was due to Malaysia transitioning into the phase of endemic where businesses were allowed to operate as usual with staff workforce coming back in action at 100% capacity. The following visual showcases the carbon emissions from electricity usage for the last three years (FY2020 to FY2022).

HEB Group Total Carbon Emission for Scope 2 Electricity FY2020 to FY2022



HEB's Key Material Matters	Area	2022 Performance
Carbon Emission	<ul style="list-style-type: none"> Emission Management 	<ul style="list-style-type: none"> Scope 1 emissions in kilogram of CO₂e for one subsidiary and Scope 2 emissions in tonnes of CO₂e of the Group

SUSTAINABILITY STATEMENT

SOCIAL

Materiality Matters Covered

Employee and Public Safety

Quality and Client Satisfaction

Employee Engagement

Job Creation

Diversity, Equal Opportunity and Non-Discrimination

Career Development



Ensuring healthy working environment and promote the well being of our employees and stakeholders



Producing sustained, inclusive and sustainable economic growth by providing productive employment opportunities for all



Delivering a lifelong and professional development by continuously investing in the workforce through plethora of internal and external trainings



Respecting the rights and opportunities of all people to operate a diverse and inclusive business that reflects the local community



Ending all discrimination against women and providing equal rights to employees without discrimination during hiring, on the job training and upon leaving

We recognise that our people are our strength, and that they are instrumental in driving sustainable growth as well as ensuring the success of all our business operations, particularly during post-pandemic changes. We strive to provide all our employees with equal access to benefits, resources, and opportunities to build skills for further career advancement. Our employees' efforts and commitment are critical factors that will enable us to operate with a high level of competency in delivering of our goals and targets.

EMPLOYEE AND PUBLIC SAFETY (HEALTH AND SAFETY)



Emergency Response Team ("ERT")

01



Environment, Safety and Health Committee ("ESH")

02

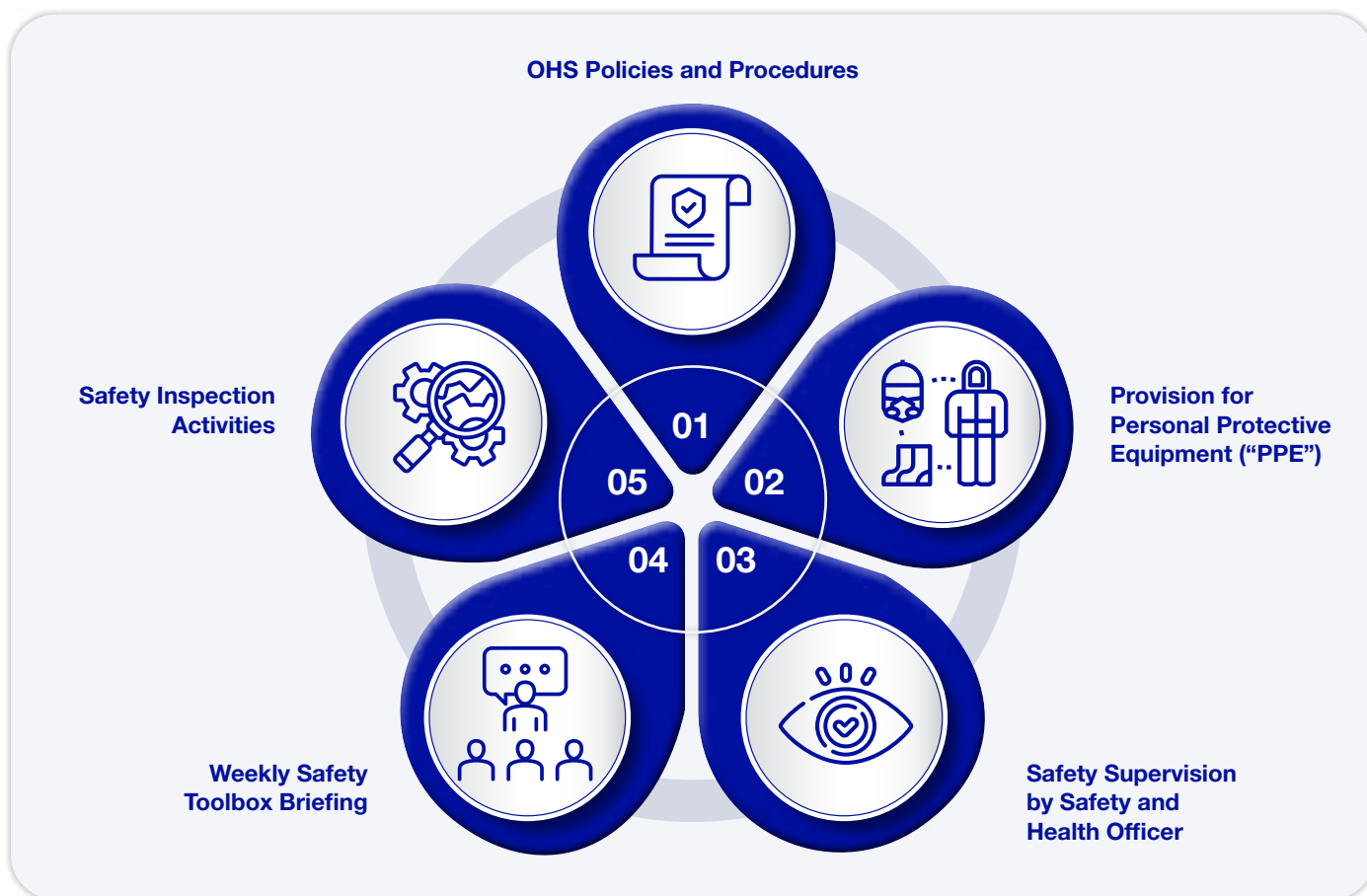


Quality, Environment, Occupational Safety and Health ("QESH") Policy

03

SUSTAINABILITY STATEMENT

The safety and wellbeing of our employees and the public are essential. To execute our efforts, we have developed and maintained the following controls in place as a step forward in enhancing Occupational, Health and Safety (“OHS”) practices. We are proud to declare that we achieved all our targets of zero fatalities in all business units, as outlined in our four key indicators – zero accidents, zero near miss, zero first-aid cases and zero lost-time injuries. We regularly monitor, review, and optimise our health and safety practices to minimise incidents in our business operations. We have established initiatives and measures are in place to review relevant health and safety ensuring they are followed, and OHS risks and hazards arising from operations are properly managed. The following figure showcases our key initiatives in place.



Since 2019, our subsidiaries and associated companies migrated from OSHAS18001:2007 to ISO45001:2018 Occupational Health & Safety Management Systems (“OHSMS”).

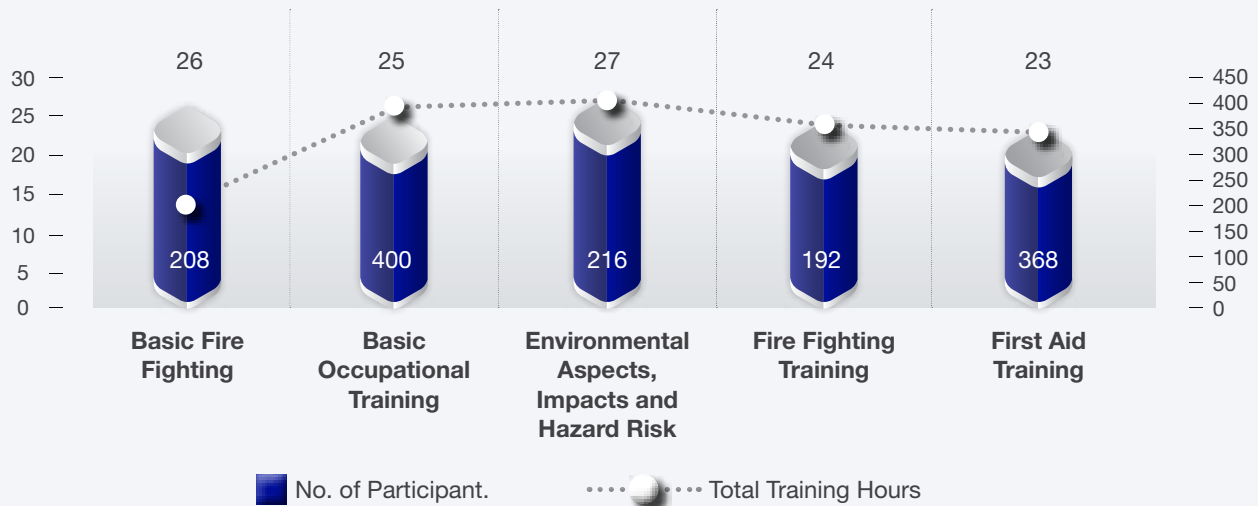
There were a total of 4 ESH Committee meetings in FY2022. These meetings comprised impactful discussion sessions pertaining to improvement and enhancement of our existing working environment as well as addressing and proposing workaround solutions for all matters relating to Safety, Health and Environment.

We conducted and carried workplace safety awareness briefings, refresher trainings and OHS trainings to ensure that our employees understand how to create a safety working environment, as well as methods to reduce the number of accidents that occur at the workplace. We also provide safety vests, helmets, and shoes as part of our Personal Protective Equipment on site.

The following graph showcases the number of participants and the total training hours dedicated to OHS Training and Development initiatives.

SUSTAINABILITY STATEMENT

HEB Group Health & Safety Trainings FY2022



SAFETY, HEALTH, AND ENVIRONMENT AWARD

On 20th August 2022, SMHB Sdn. Bhd. was awarded Safety, Health, and Environment Excellence Award (Special Mention) from the Board of Engineers Malaysia (“BEM”). The image beside showcases the award received.



HEB's Key Material Matters	Area	2022 Performance
Employee and Public Safety	<ul style="list-style-type: none"> Health and Safety 	<ul style="list-style-type: none"> Zero major incidents, Zero fatalities

QUALITY AND CLIENT SATISFACTION

The Group offers full range of civil, structural, mechanical, electrical, engineering and environmental services to commercial, industrial and government entities as well as architects and developers. As we continue to deliver effective and efficient engineering solutions to our clients over the years, we are proud that the Group has managed to build a good reputation from the quality of engineering services we deliver. Our road to achieving and maintaining this reputational momentum begins with the pride we take in our people besides our proven ability to provide innovative and cost-effective engineering designs and solutions. To weave quality into our operations, we ensure our projects are led by a principal or a senior manager supported by certified engineers from various disciplines.

The scope of services that we provide are certified by reputable certification bodies. HSS Engineering Sdn. Bhd., HSS Integrated Sdn. Bhd. and HSS Mekanikal & Elektrikal Sdn. Bhd. have been certified with MS ISO 9001:2015, Quality Management System by SIRIM QAS International Sdn. Bhd. The certification covers the scope of services from the provision of consultancy services for the design of civil, mechanical, and electrical, building engineering works including site supervision, independent consultant/checking engineer, to project management consultancy services.

In addition, since 1997, SMHB companies have achieved the MS ISO 9001 Quality Management Certification which was upgraded to MS ISO 9001:2015 in August 2018. The certification covers the provision of engineering consultancy and project management services including engineering and environmental studies, design, and construction supervision.

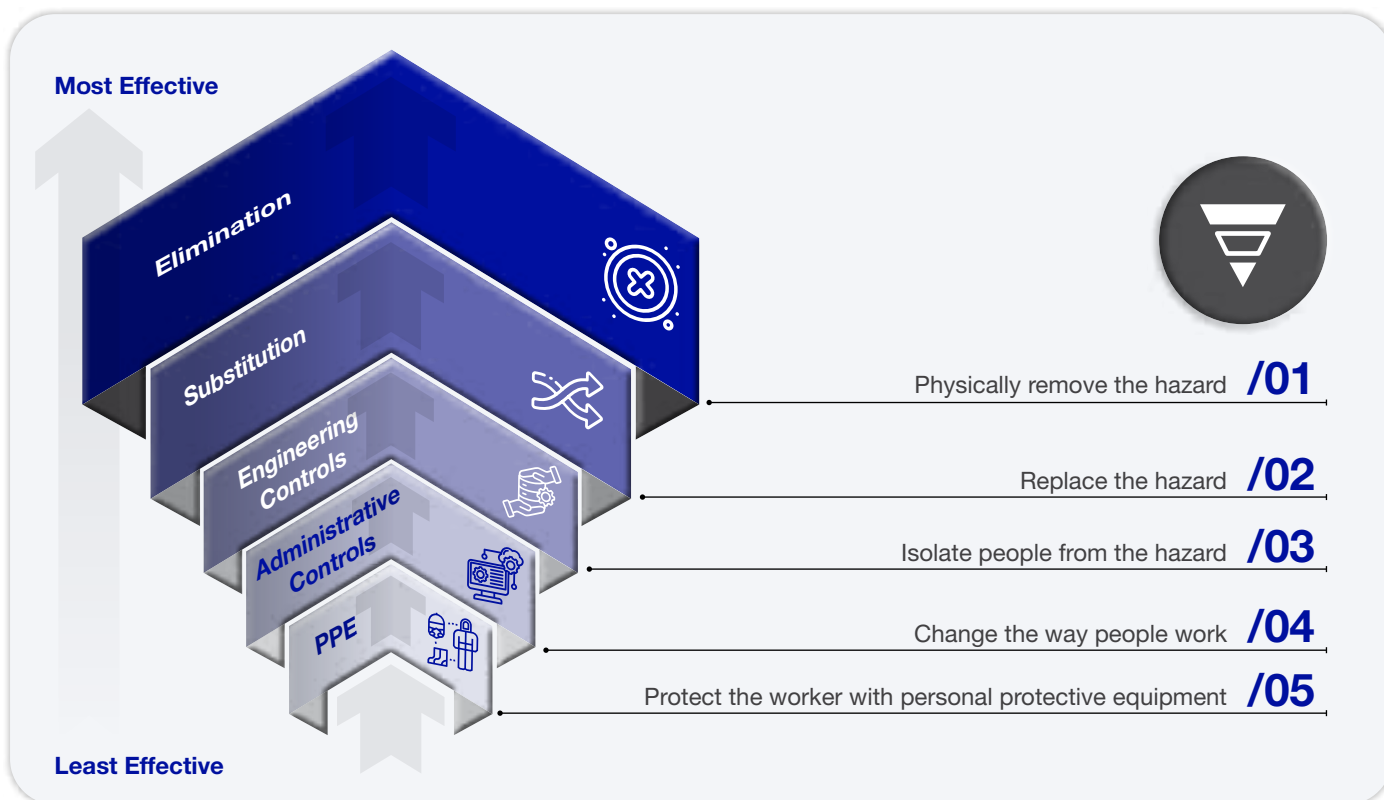


ISO 9001:2015

SUSTAINABILITY STATEMENT

HIERARCHY OF CONTROLS

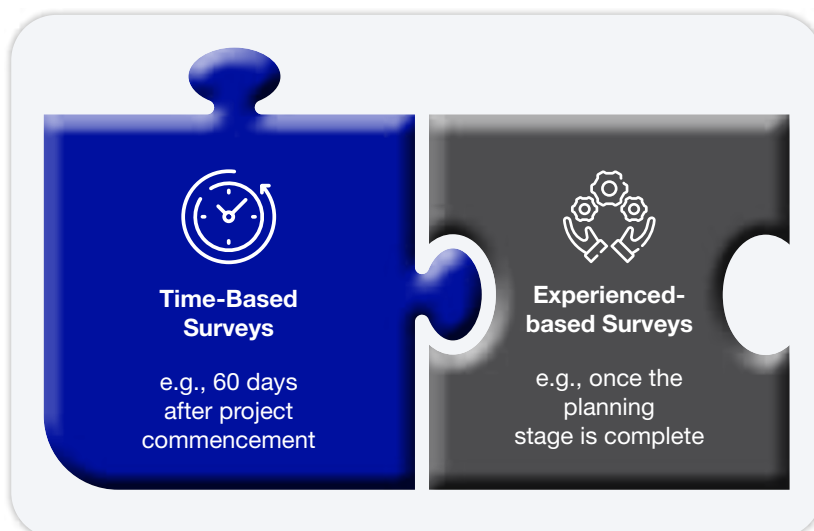
The diagram below illustrates a hierarchy of internal controls for situations involving hazards, arranged in order of effectiveness from the least effective to the most effective, when viewed from bottom to top.



ENSURING CLIENT SATISFACTION

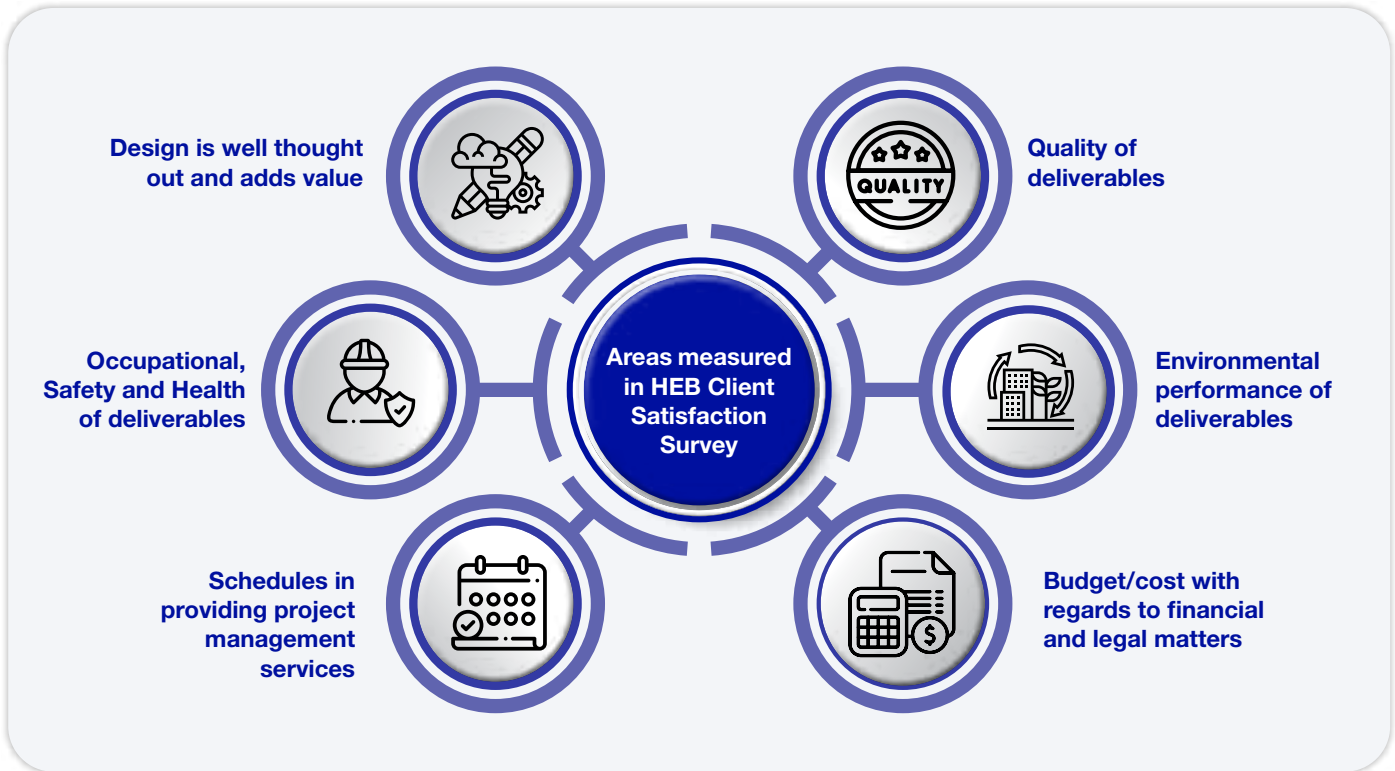
In the engineering field, it is critical to consistently meet and satisfy the needs and expectations of the clients, as the quality of our services is measured by their satisfaction. We conducted an annual customer satisfaction survey to gather and identify concerns raised by our customers. Internally, we analysed these concerns to identify root causes and propose corresponding improvements. The figure below illustrates the areas measured in our client satisfaction survey to assess HEB Group as a whole.

To gain insights into our clients' experience, we distribute milestone surveys throughout the project lifecycle. The surveys come in two forms, as shown in the figure beside.

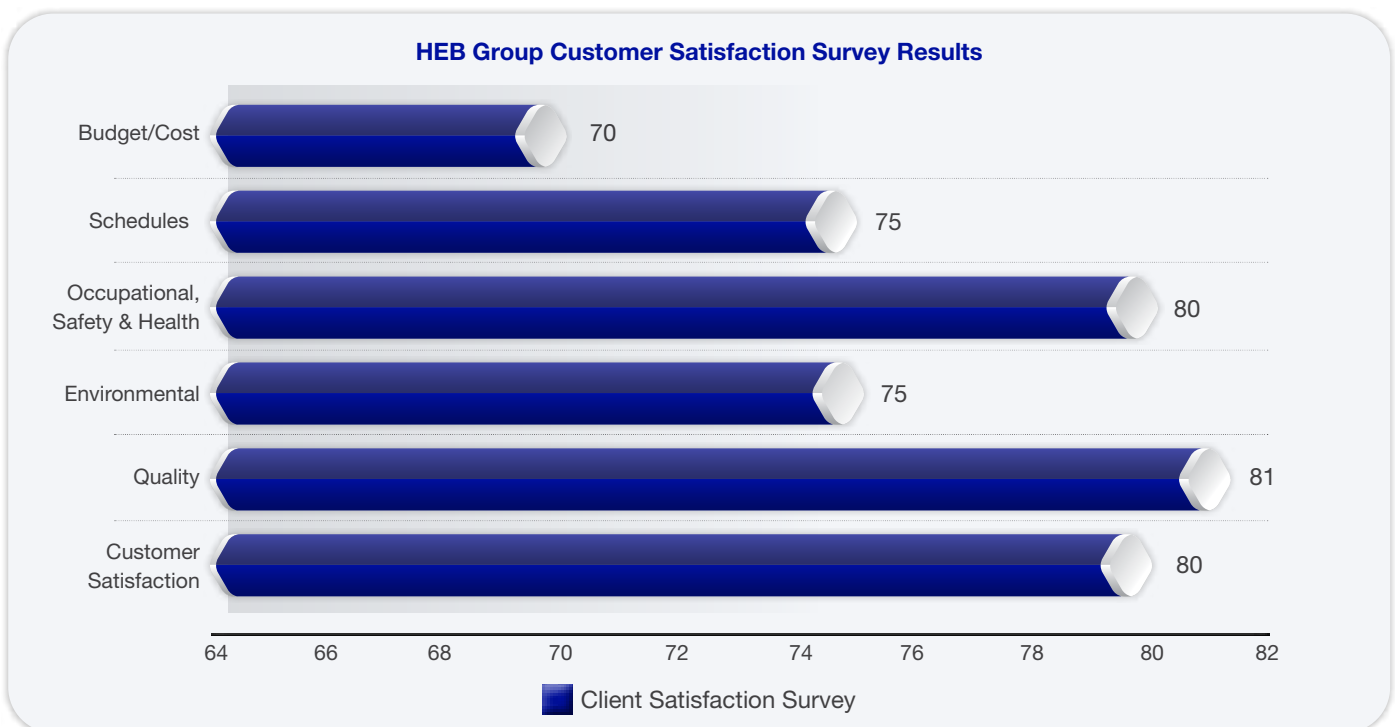


SUSTAINABILITY STATEMENT

The customer satisfaction survey is conducted annually which gives us an opportunity to gather and identify concerns raised by our customers. Internally, the concerns are further analysed to identify root causes and propose respective improvements. The figure below showcases areas measured in our client satisfaction survey to assess HEB Group as a whole.



The following table illustrates client satisfaction survey result in FY2022.

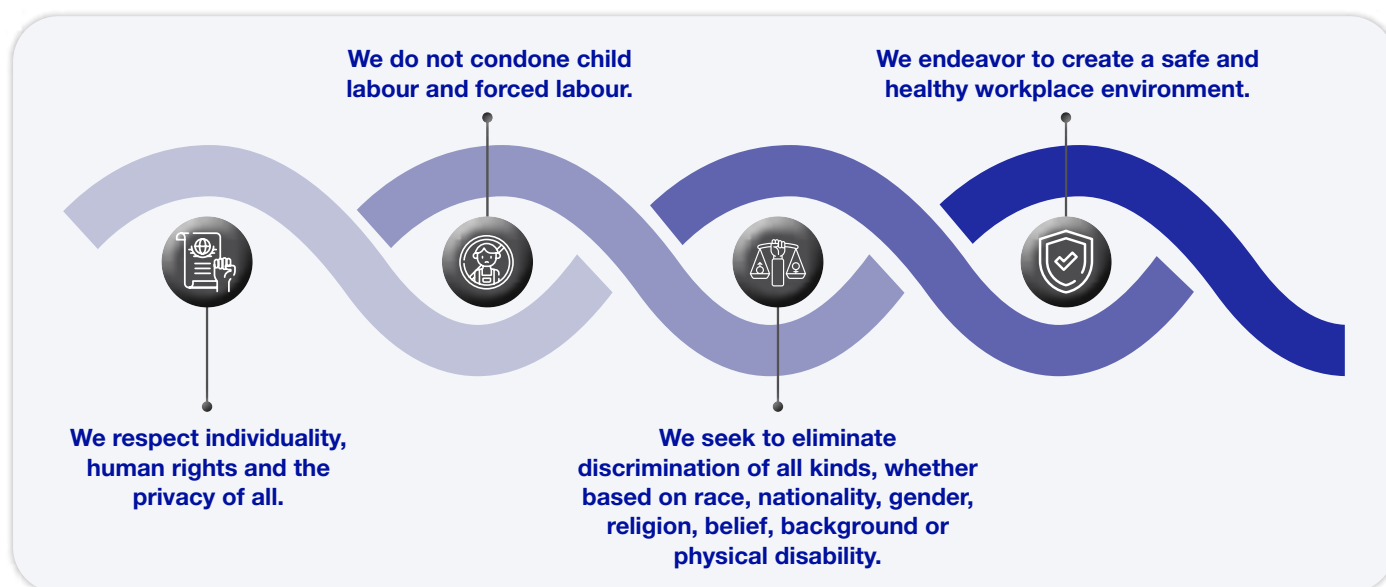


HEB's Key Material Matters	Area	2022 Performance
Quality & Client Satisfaction	<ul style="list-style-type: none"> HEB Specific 	<ul style="list-style-type: none"> 80% score client satisfaction

SUSTAINABILITY STATEMENT

EMPLOYEE ENGAGEMENT (LABOUR PRACTICES AND STANDARDS)

Effective employee engagement drives organisational change and creates a culture of sustainability within the company, supporting its reputation and attracting and retaining top talent. At HEB, we encourage employees to participate in social groups, clubs and societies which promote work-life balance. The figure below illustrates our commitment to human rights.

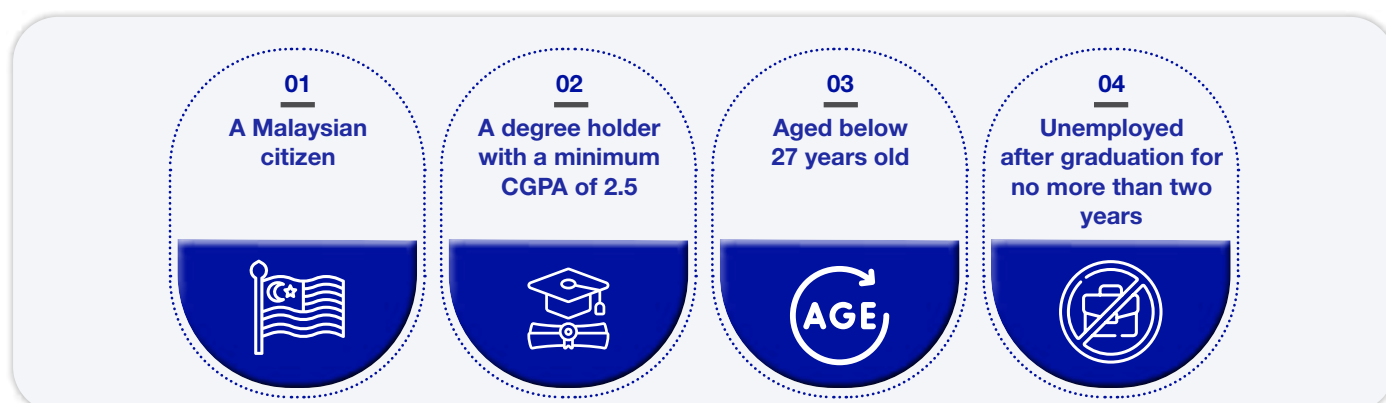


Our Sports and Recreational Club ("HSS SRC") was established in 1984 with the aim of creating a lively working environment by organizing activities to strengthen relationship amongst HSS staff. In FY2022, the Club organized several activities, including an annual badminton tournament to promote staff health and wellness. To foster social interaction, an annual bowling tournament was held, followed by a team building and gala night event as part of HSS's annual company trip. Before the year ended, a futsal tournament was organized, bringing together junior and senior staff on fields.

HEB's Key Material Matters	Area	2022 Performance
Employee Engagement	<ul style="list-style-type: none"> Engagement 	<ul style="list-style-type: none"> 8 activities per annum

JOB CREATION (LABOUR PRACTICES AND STANDARDS)

We believe in creating employment opportunities through our engineering solutions and contributing to the well-being of our local communities. At HEB, we support fresh graduates in gaining industrial experience participating in the PROTÉGÉ (Professional Training and Education for Growing Entrepreneurs) programme. This 12-month programme, under the purview of the Ministry of Entrepreneur Development and Cooperatives ("MEDAC"), includes a blend of personal and professional development through on-the-job and on-site training experiences to foster the growth of engineering talents in Malaysia. Key PROTÉGÉ eligibility criteria include the following:

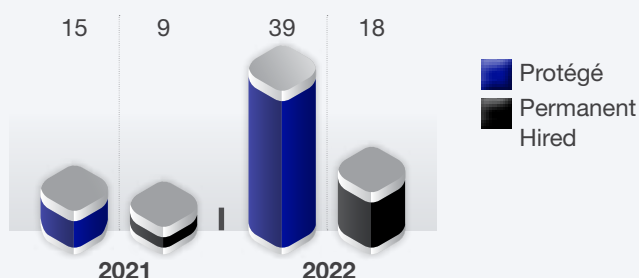


SUSTAINABILITY STATEMENT

In FY2022, 39 Protégé joined us through the programme and were assigned to various technical and non-technical departments. Upon successful completion of the programme, 18 of the Protégé were offered permanent positions within the Group.

We collaborated with numerous local universities to provide industrial training experience, to maintain sufficient engineering professionals within the field.

HEB Protégé Outlook FY2021 and FY2022

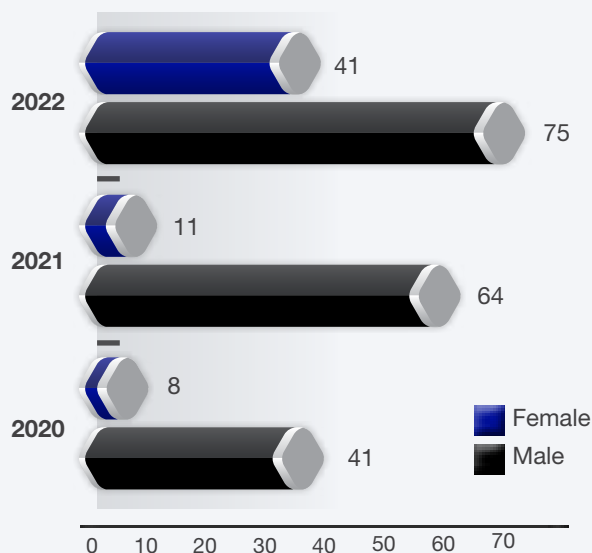


HEB's Key Material Matters	Area	2022 Performance
Job Creation	<ul style="list-style-type: none"> Engagement 	<ul style="list-style-type: none"> 39 PROTÉGÉ

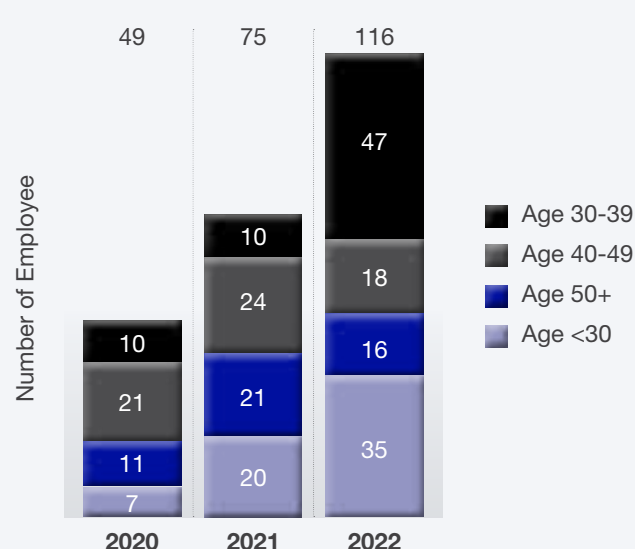
EMPLOYEE TURNOVER ANALYSIS

In FY2022, there were a total of 116 employee turnovers (FY2021:75), with male employees contributing to 65% of the total turnover (FY2021:85%). Employees age 30-39 had the highest turnover rate, with 47 employees leaving. This was followed by the age group of below 30 years and 40-49 years old. While our Group strives to find new and effective employee retention strategies, we also maintain an open environment that encourages movement and change of talent. This benefits us as an engineering company that values innovation and digital transformation, while also providing growing talents the opportunity to apply their skills and experience across different organisations. We believe that this approach can drive meaningful change and growth. The graphs below depict the employee turnover analysis at HEB Group.

HEB Group Employee Turnover by Gender



HEB Group Employee Turnover by Age Group



DIVERSITY, EQUAL OPPORTUNITY, AND NON-DISCRIMINATION (DIVERSITY)

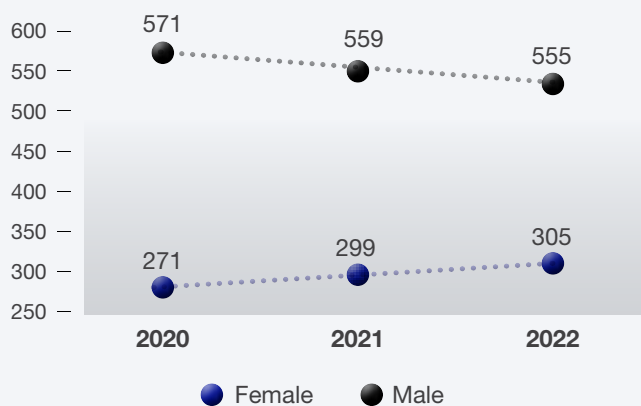
At HEB, we value the importance of diversity as we believe a team made up of people with different backgrounds and perspectives can bring a range of ideas and approaches to the table, which can lead to more innovative and effective solutions. To align this concept with our objectives, values, and principles, we have incorporated Diversity Policy since 2018, that is reviewed annually.

Although the Board acknowledges the need to promote gender diversity within its composition and endeavours to increase female participation in the Board and Senior Management in the near future, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills at the Board and Senior Management instead of merely looking at percentages. Currently, there are two (2) women serving as members of the Board, representing 25% of female representation on the Board whereas 100% of the Senior Management positions of the Company are held by men. The Board aspires to achieve the required 30% balance of diversity by recruiting more female board members, and we hope to achieve this over time.

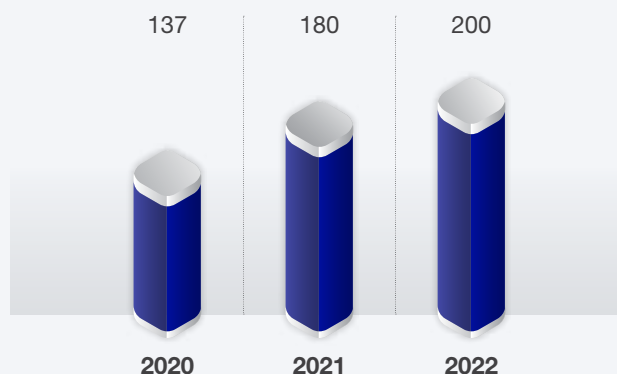
SUSTAINABILITY STATEMENT

HEB recorded a total number of 860 employees (FY2021: 858), of which 200 (FY2021: 180) were new hires. The following visuals provide a snapshot of our workforce breakdown.

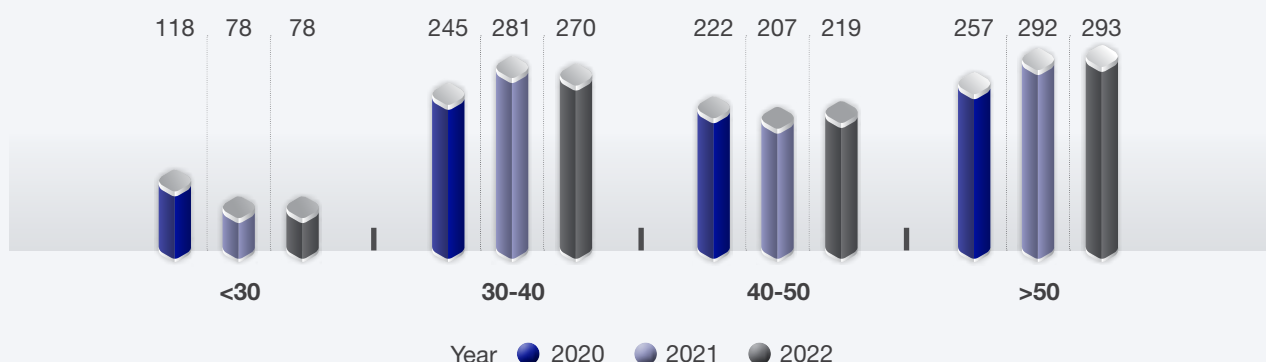
Workforce Breakdown by Gender



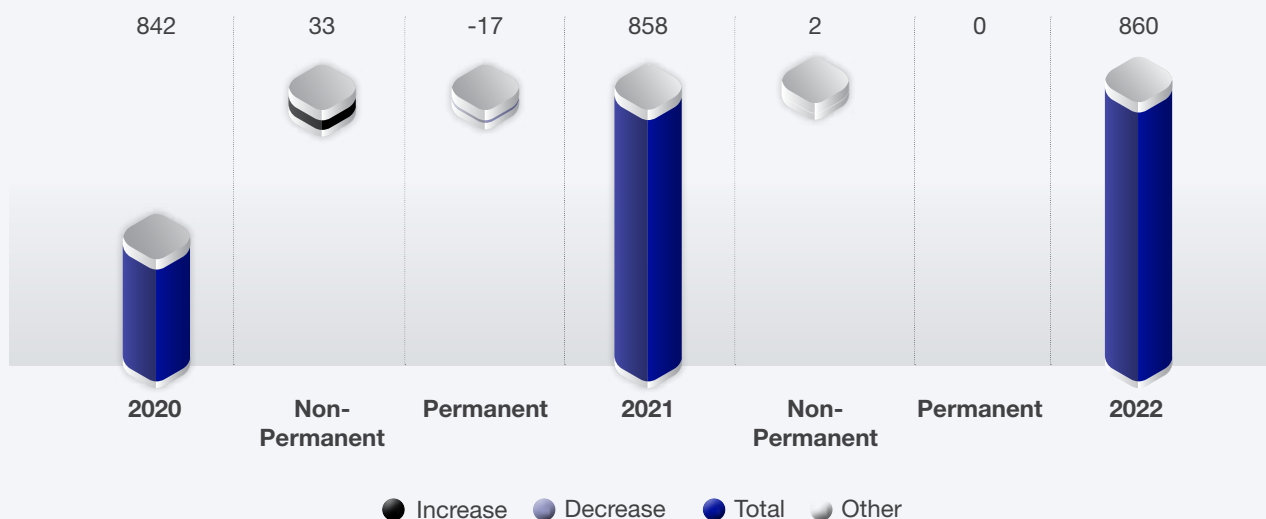
New Hires



Workforce Breakdown by Age Group



Workforce Breakdown by Employment Type

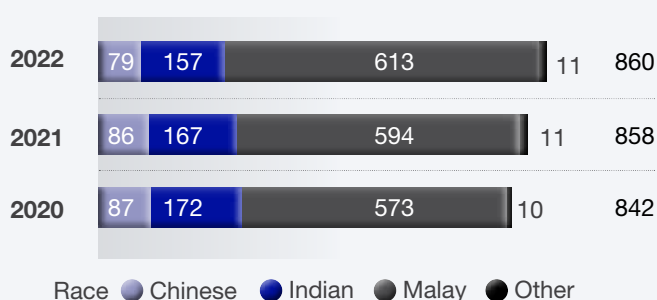


SUSTAINABILITY STATEMENT

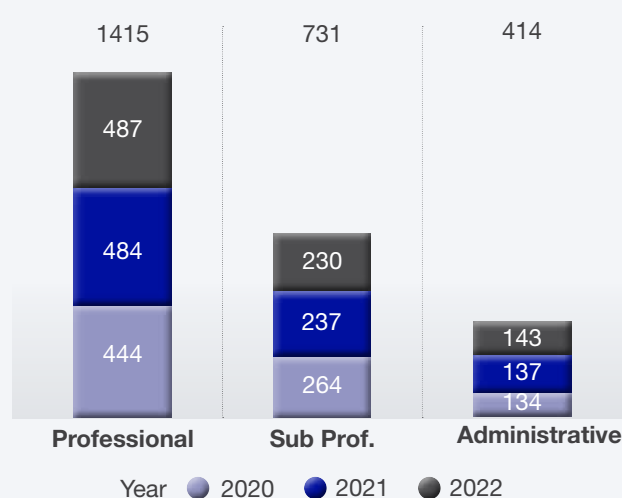
Workforce Strength



Workforce Breakdown by Ethnicity



Workforce Breakdown by Employment Category



[Click to view HEB Group Diversity Analysis Dashboard](#)



HEB's Key Material Matters

Diversity, equal opportunity, and non-discrimination

Area

- Diversity

2022 Performance

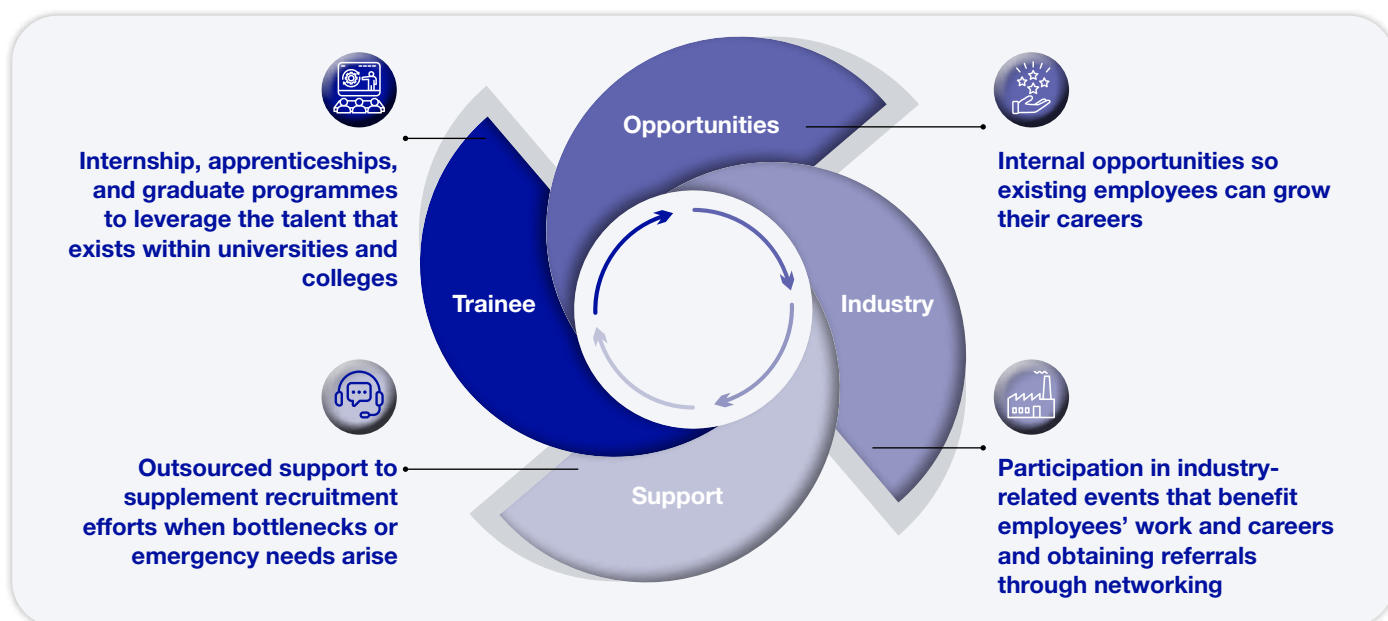


- 25% females on board

CAREER DEVELOPMENT (LABOUR PRACTICES AND STANDARDS)

Recruitment

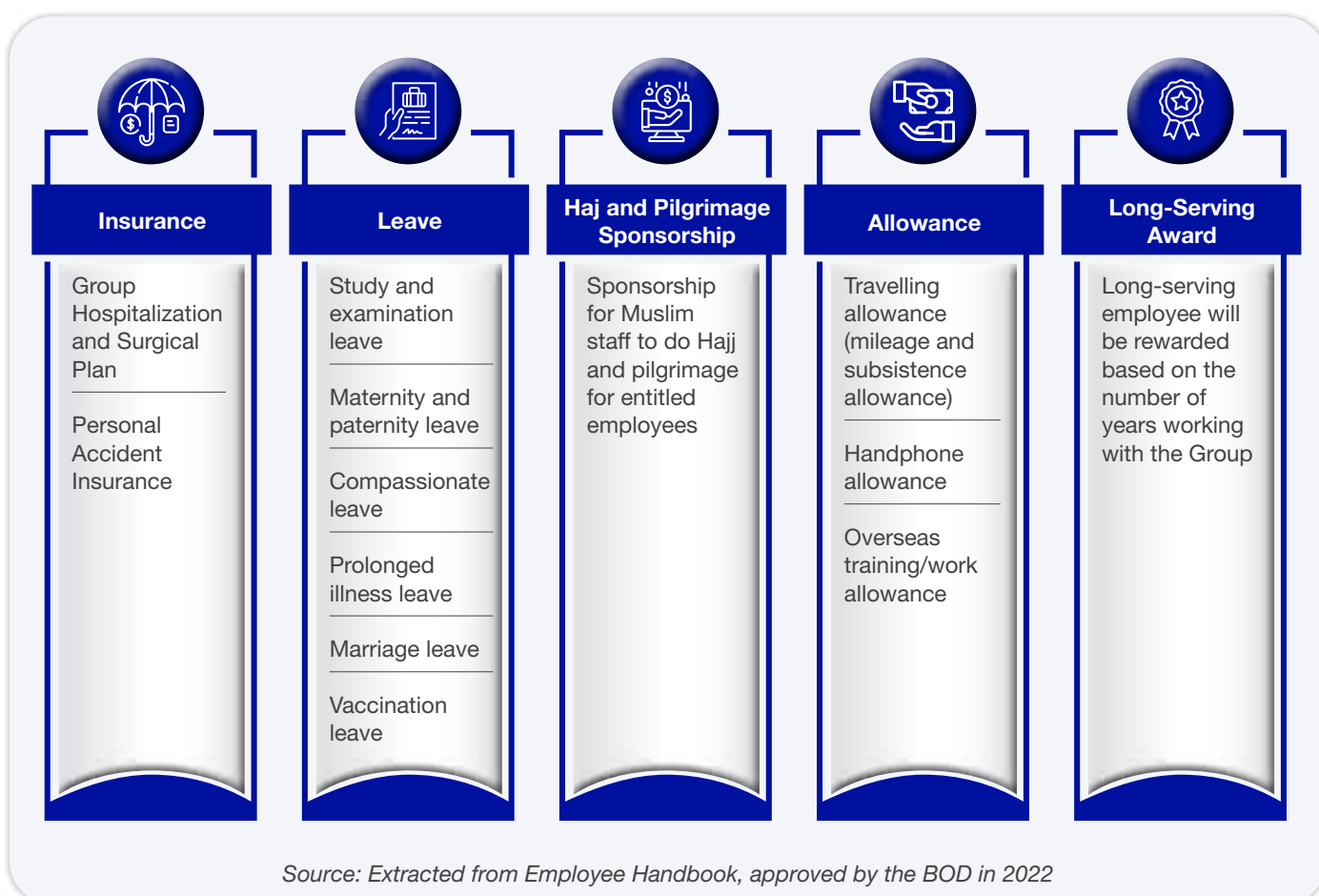
We aim to continue creating employment opportunities to help individuals experience unbeatable career development. At HEB, we encourage candidates to directly apply for open positions via our Company Website at <http://www.hssgroup.com.my/career/>. It is important that we hire the right candidate for the right position. Internally, we have developed a robust talent acquisition process that encompasses fair and transparent talent screening and hiring procedures. We aim to create an exceptional experience for every individual who goes through our programme.



SUSTAINABILITY STATEMENT

Retention

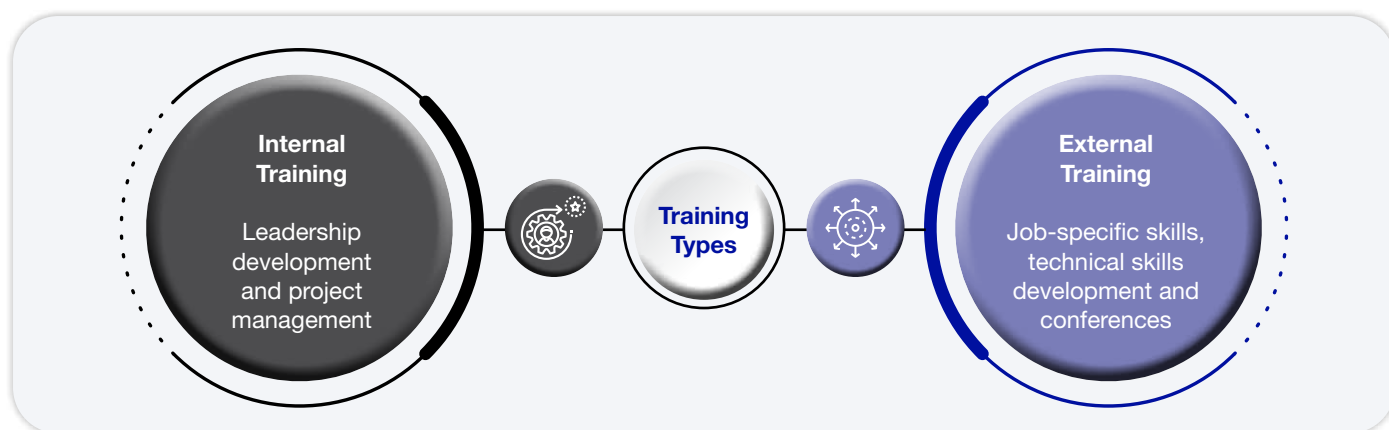
We recognize that people are the most important asset. We constantly channel our time to explore ways to retain our employees. We also believe that besides personal and professional development, remuneration is also an incentive as our employees' progress and climb the ladder in their careers. At HEB, we scout industry trends on latest remuneration packages and accordingly improve the salary package of our employees. We also consider discriminatory practices and gender pay inequality. The figure below shows the benefits offered by HEB.



SUSTAINABILITY STATEMENT

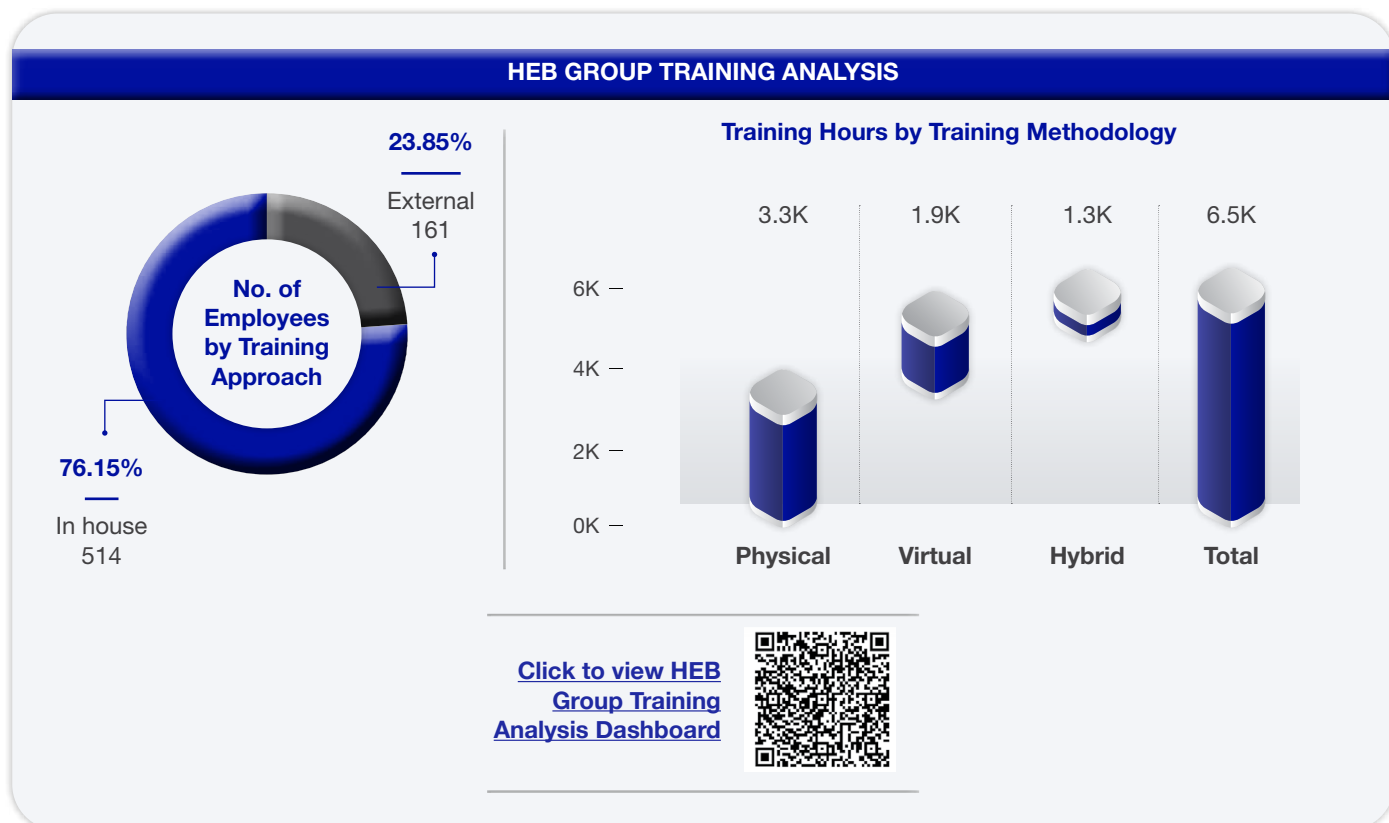
Professional Development

We believe professional development is important to help employees improve their skills, knowledge, and competencies in their respective areas of expertise. Learning is a long-term journey and to ensure continuous learning, we commit to train and groom our employees in acquiring the necessary skills and most importantly, remaining relevant within the fast-moving industrial revolution and technology diaspora. In return, this will mould them to go through uncertainties, embrace ambiguity and explore breakthrough-capable engineering technologies that will benefit technological advances and business growth. To achieve this, we have intensive focused trainings categorized into internal and external trainings.



A total of 675 employees attended trainings (FY2021: 334) to further develop skills and competencies. This amounted to a total of 6520 hours (FY2021: 3304) dedicated to training with 9.66 average training hours per employee trained (FY2021: 9.9).

The following dashboard showcases training analysis of our Group:



SUSTAINABILITY STATEMENT

HEB GROUP TRAINING ANALYSIS



No. of
Employees
Attended
Training

675



Total
Training
Days

142



Total
Training
Hours

6,520



Avg. Hours
Per Trained
Employee

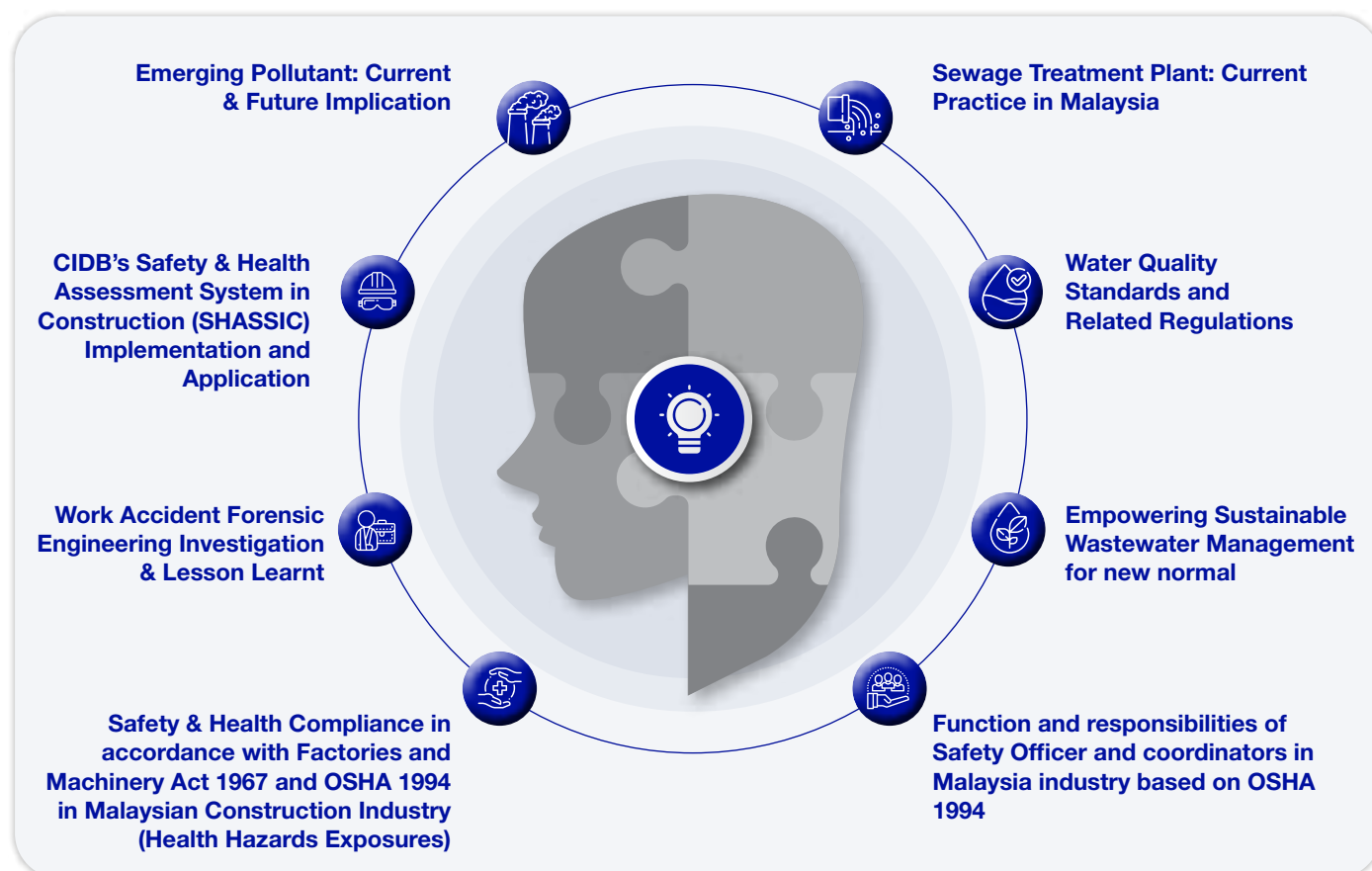
9.66



Total
Training
Cost

118k

There are selected trainings provided for our engineers to ensure they consistently maintain their Continuing Professional Development (“CPD”) requirements. The following are some of the key training topics covered during the training programmes.



HEB's Key Material Matters	Area	2022 Performance
Career Development	<ul style="list-style-type: none"> Training and development 	<ul style="list-style-type: none"> 9.66 average hours of training per trained employee

MOVING FORWARD

We are committed to build upon our sustainability measures as part of our corporate responsibility to stakeholders. We strive to enhance stakeholder value, through continuous improvements of initiatives to grow our business sustainably, strengthen our operations, as well as play an integral role in stewardship of the environment and communities around us.